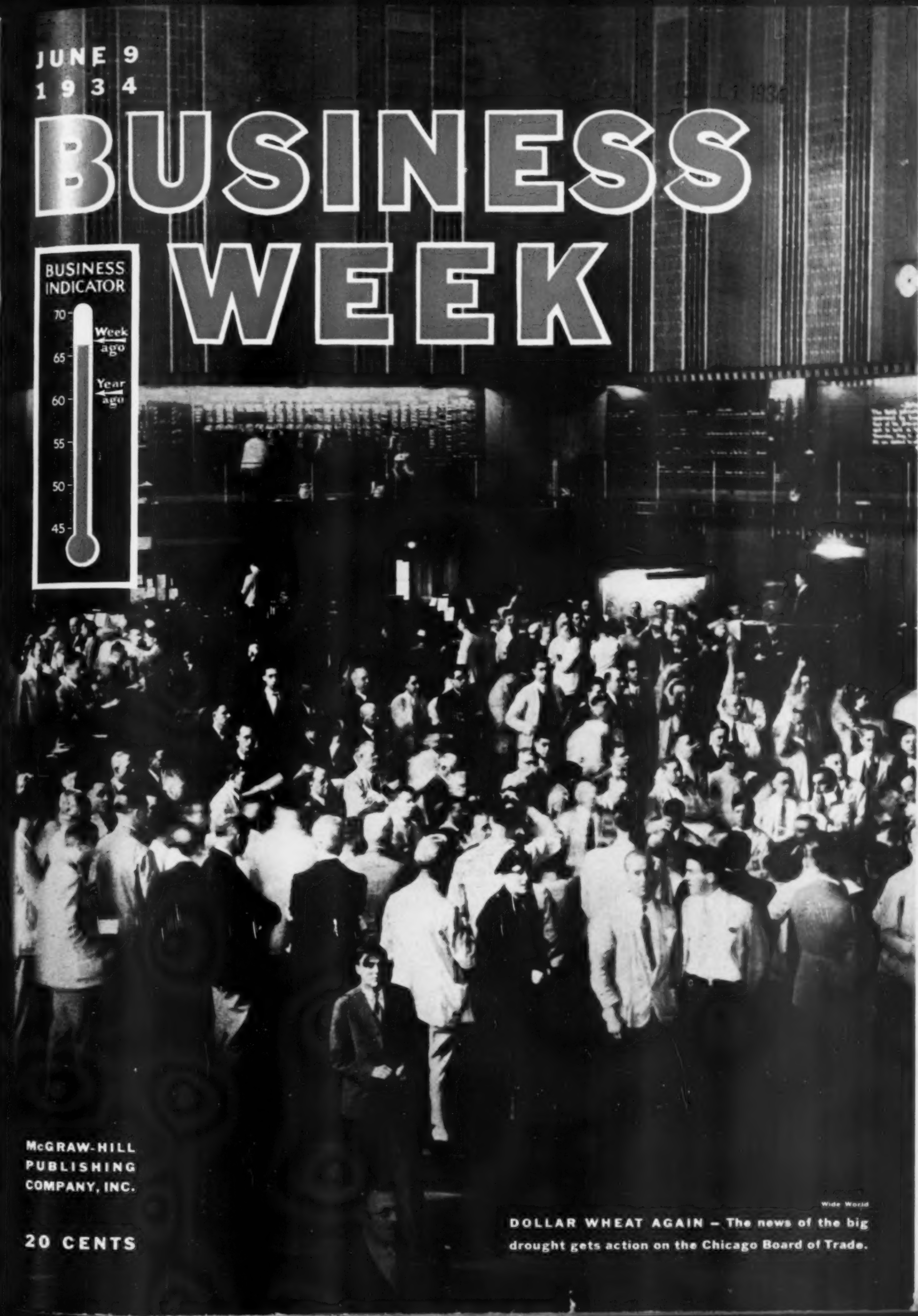
JUNE 9
1934

BUSINESS WEEK



McGRAW-HILL
PUBLISHING
COMPANY, INC.

20 CENTS

Wide World

DOLLAR WHEAT AGAIN — The news of the big drought gets action on the Chicago Board of Trade.

Even GENTLE RAIN *drips*

RUIN!

WHEN the rain falls, flowers and plants and trees lift their heads gratefully to receive the nourishment it bestows.

But this gift of nature upon which all life is dependent is not so kind to your automobile. Whether it drops gently or sweeps in a lashing gale, rain attacks wood and metal, seeks to destroy their usefulness and make a car seem old before its time.

For years, car owners wanted, and manufacturers sought, a finish that would retain its lustrous beauty *and* protect metal and wood from the ravages of rain, snow, heat, cold, dirt and time itself. Then came Du Pont DUCO—revolutionizing automobile finishing!

As great as was the achievement of Duco, it is only one of many in du Pont history. In their fight against the elements and forces destructive to finishes, du Pont chemists have brought forth many of the major developments in finishes in the last ten years.

Dulux Marine Finishes for boats is one. Dulux Mill White for mill interiors is another. Brush Duco for furniture and woodwork is still another. Du Pont Finishes for radios and trains, refrigerators and busses, and Du Pont Paints and Varnishes to beautify and protect the home.

Today, leaders in every industry rely on Du Pont Finishes to meet specific problems, to give beauty where beauty is needed, to afford protection against destructive forces, and to effect economies.

There will be other outstanding developments in finishes from du Pont as time goes on. For du Pont chemists are still working, still searching for finishing materials of greater service value for both industry and home. E. I. du Pont de Nemours & Co., Inc., Finishes Division, Wilmington, Del.

DU PONT

REG. U. S. PAT. OFF.

FINISHES

for industry and home

DUCO . . . PAINTS . . . VARNISHES . . . DULUX

REG. U. S. PAT. OFF. REG. U. S. PAT. OFF.

BUSINESS WEEK (with which is combined The Magazine of Business) June 9, 1934, No. 249. Published weekly by McGraw-Hill Publishing Company, Inc., 330 West 42nd Street, New York, N. Y. James H. McGraw, Chairman of the Board; Malcolm Muir, President; James H. McGraw, Jr., Vice-President & Treasurer; B. R. Putnam, Secretary. $5.00 per year, in U.S.A. and possessions; 30 shillings per year in all foreign countries. 20c per copy. Entered as second-class matter February 15, 1930, at the Post Office at New York, N. Y., under the act of March 3, 1879. Printed in U.S.A.

Printed by The Schweinler Press, N. Y.

Washington Bulletin

WASHINGTON *(By Business Week Staff Correspondents)*—Conceded to rank as a major unforeseeable disaster, drought overshadowed labor troubles, codes, Darrow, and debts, and made everything else comparatively trivial in Washington this week.

Half a billion dollars is being appropriated by Congress, completely unbalancing the budget and wrecking Roosevelt's hope to balance it by 1936.

Dairy Problem Simplified

"No famine" is the promise of the Administration. The fact is, there will be wheat for export despite the drought. The dairy problem, so baffling to AAA, is much simplified. Cattle must be slaughtered because it is uneconomic to transport feed and water to them.

The public works program may be changed to expedite dams on the upper Missouri to conserve the water supply. Care of 125,000 families in hopeless sections already is necessary. The number may increase if borderline country continues arid.

Is Drought Permanent?

Some believe a shift of the Japanese current may be responsible. The specter is that the dry spell, now 10 years old in the afflicted section, including all the Central West north of the Platt River and including both Dakotas, Minnesota, part of Iowa, western Wisconsin, and eastern Montana, may be permanent. Rain-carrying winds originating in the north Pacific, passing over Alaska, hitherto have turned south through the Central West. This year they moved further east before turning south, accounting for heavier than normal snow and rain along the Atlantic Coast as far south as the Carolinas.

Wallace Talks of Cycles

But Secretary Wallace has another explanation. He refers to wet-dry cycles on the great plains, 26 years of subnormal rainfall being followed by 15 years of above normal rainfall. He points out that the present dry cycles began in 1909 (some years before the Japanese current shift, by the way), and says that this would be a swell year to end the dry cycle and start the wet.

Nature Helps AAA

Nature's intervention has converted the AAA crop curtailment program into crop insurance, unaffected by yield or price. Payments that would have averaged 25% of the wheat farmer's income have become 50%. AAA has little reason now to fear disaffection. Even dairymen have been forced into line by circumstances, although their leaders now can assert infallibility in rejecting the AAA plan.

> ***THIS WEEK***
>
> ***Is the drought weather, or is it climate?***
>
> ***Reading the Congressional mind by certain vacation plans.***
>
> ***A new extravagance—$40 millions for a gesture.***

Adjournment June 20

Congress now is expected to adjourn June 20 at the latest. This despite alleged insistence of the President on certain legislation. There are two reasons for thinking so. The President is planning to sail on his trip June 23. He has made no change in his plans. Also the President actually is not so anxious for passage of all the legislation he is asking as appears. Example—the Wagner Labor Bill. If passed, no expert believes it would really prevent serious labor troubles between now and November. But the Administration can point to the fact that it asked for this panacea and Congress stubbornly refused to give it. Thus enactment might easily prove a political liability, whereas failure to enact almost surely can be made an argument for voting for candidates to support the President.

The Politics of Housing

The Housing Bill is slightly different but in the same general category. Failure to pass is a splendid argument to voters who want it. Whereas the building and loan associations and insurance companies are so active that passage would take considerable time. Opponents would assume on adjournment that the next Congress will find Roosevelt much weaker. Hence would not worry to fight Administration candidates this fall. The closed-bank payoff and 30-hour week, to which the Administration is desperately opposed, apparently are killed already by the new House gag rule, making Speaker Rainey, who does the President's bidding unquestioningly, more of a czar than Reed or Cannon ever dared be.

Moley Offers an Idea

Newest rumored solution of what to do with NRA is the suggestion that a new commission to take over the Federal Trade Commission and NRA be formed with quasi-judicial functions. The proposal is backed by Raymond Moley, still very close to the White House.

Tariff Dickering Begins

Sweden and Colombia are in the van in negotiations for reciprocity agreements under the new tariff bill, passed with amendments limiting agreements to 3 years, and with the provision that 50% changes in tariff may be in return for revisions of quotas or excise taxes. This is hailed as the end of tariff logrolling; some still remember the other Roosevelt's tariff commission was given the same accolade.

Despite talk about unconstitutionality in the debate on the tariff bill, there is no real thought in Washington that constitutionality of the reciprocal tariff legislation can be attacked successfully.

The Seaway Again

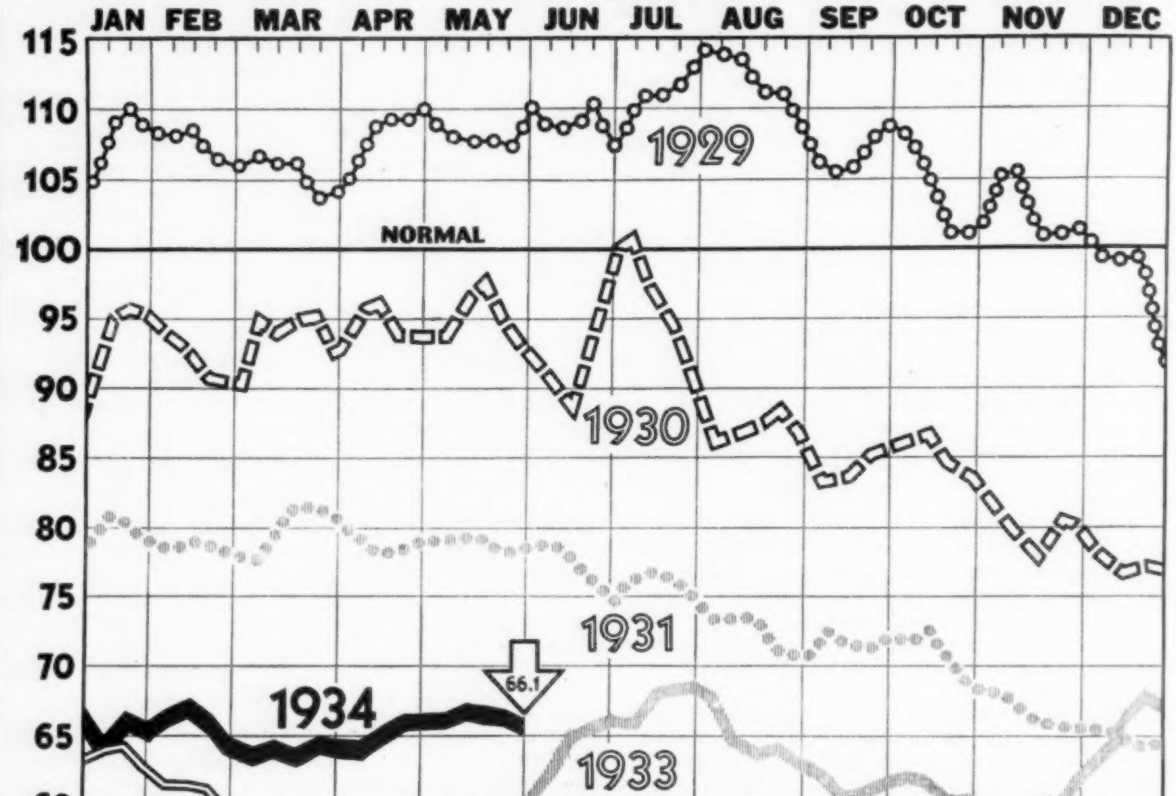
President Roosevelt's hope for a new St. Lawrence seaway treaty, to follow negotiations this summer, indicates he hopes to overcome geographical opposition to the treaty in the Senate. The fact that 10 of 12 New England Senators and virtually all Atlantic Coast Senators save from South Carolina voted against ratification has nothing to do with the merits of treaty. It is purely port and railroad competition.

$40-Million Frankness

Congressional frankness expressed in the Johnson default bill is now known to have cost Uncle Sam about $40 millions in token payments that would have been made had a more diplomatic policy been followed by Congress. That no real diplomatic strain resulted probably can be credited to the President's shrewdly worded war debts message to Congress. That came too late to undo payment damage. Britain says not even token payment is appropriate if Britain is going to be called a defaulter in any event. This $40-million frankness exceeds other usual Congressional extravagances.

Money Rates

The financing done by the Treasury this week is interpreted by observers here to mean that 5-year money is worth 2% plus, and 12-year money, 3%.



BUSINESS WEEK WEEKLY INDEX OF BUSINESS ACTIVITY

	Latest Week	Preceding Week	Year Ago	1929-33 Average
	*66.1	†66.9	60.5	79.8
PRODUCTION				
★ Steel Ingot Operation (% of capacity)	57.4	56.1	46	54
★ Building Contracts (F. W. Dodge, daily av'ge, thousands, 4-week basis)	$4,941	$4,786	$2,904	$12,334
★ Bituminous Coal (daily average 1,000 tons)	*1,058	1,038	853	1,123
★ Electric Power (millions K.W.H.)	1,576	1,655	1,461	1,544
TRADE				
Total Carloadings (daily average, 1,000 cars)	104	102	91	127
★ Miscellaneous & L.C.L. Carloadings (daily average 1,000 cars)	68	68	63	86
★ Check Payments (outside N. Y. City, millions)	$2,551	$3,100	$2,327	$4,020
★ Money in Circulation (daily average, millions)	$5,350	$5,335	$5,527	$4,977
PRICES (Average for the Week)				
Wheat (No. 2, hard winter, Kansas City, bu.)	$.96	$.86	$.69	$.78
Cotton (middling, New York, lb.)	$.119	$.115	$.092	$.116
Iron and Steel (STEEL, composite, ton)	$34.77	$34.77	$28.59	$31.98
Copper (electrolytic, f.o.b. refinery, lb.)	$.083	$.083	$.078	$.103
All Commodities (Fisher's Index, 1926 = 100)	75.8	75.5	62.1	75.2
FINANCE				
Federal Reserve Credit Outstanding (daily average, millions)	$2,470	$2,474	$2,213	$1,505
Loans and Investments, Federal Reserve rep't'g member banks (millions)	$17,306	$17,257	$16,426	......
★ Commercial Loans, Federal Reserve reporting member banks (millions)	$4,550	$4,537	$4,772	......
Security Loans, Federal Reserve reporting member banks (millions)	$3,476	$3,468	$3,713	......
Brokers' Loans, N. Y. Federal Reserve rep't'g members banks (millions)	$915	$905	$635	$2,386
Stock Prices (average 100 stocks, Herald Tribune)	$98.13	$98.69	$99.09	$129.24
Bond Prices (Dow, Jones, average 40 bonds)	$93.96	$94.05	$84.25	$87.41
Interest Rates—Call loans (daily av'ge, renewal) N. Y. Stock Exchange	1%	1%	1%	2.8%
Interest Rates—Prime Commercial Paper (4-6 months) N. Y. City	1%	1%	2%	3.3%
Business Failures (Dun and Bradstreet, number)	216	225	378	450

*Preliminary †Revised ★Factor in *Business Week* Index

The Business Outlook

AVAILABLE May records are not as gloomy as the average business man's state of mind. Pig iron output gained 14.5% over the April daily rate, reaching the highest level since April, 1931. This hints a similar broad gain for steel; the operating rate is now reaching the peak of the year. It is expected that production during the remaining weeks of June will be maintained close to the current levels despite the lessening demand from automobile producers. Sheet and strip mills have as much business as they can handle for the balance of the second quarter, and tin plate mills are holding at 75% of capacity.

Close observers feel that steel consumption growth by the host of miscellaneous consumers has been greatly underestimated. Oil-burner makers, for example, are experiencing a sharp upward trend in new orders and shipments in the spring of the year 1934. Ordinarily the early autumn months prove the best selling season.

Anticipating Strike

Part of the current quickening in steel activity is undoubtedly due to fear on the part of consumers that the long threatening steel strike may actually occur. The industry itself appears to be more confident about the situation, pointing to the large number of steel workers opposing a strike, to the apparent dissension within the ranks of the union, and to the remarkable strides made in restoring the 1929 levels in employment and hourly earnings.

New Phase of Code

With the revised steel code to become effective June 11 with its extension of basing points, modification of pricing system, and establishment of the 8-hour day, the industry begins another phase of code operation. With "fair" prices beyond the control of the code authority, there is some speculation as to the possible operation of the new price provisions.

Car Prices Cut

Most significant move of the week occurred in the motor industry where price reductions were announced by General Motors and Chrysler, chief competitors of Ford. With the latter announcing his lead in passenger car registration in the first four months of 1934, General Motors was goaded into action to recapture its position. In all fairness it must be pointed out that Ford gained his advantage in the first 2 months of this year when Chevrolet was having exceptional difficulties in assembling its new models. In March and April, Chevrolet again took the lead, though the margin of gain over Ford sales is probably too narrow to permit General Motors to rest easy. So with 60 shows throughout the country and new, lower price tags, G.M. is making a commendable effort to sustain sales.

April Sales Good

April passenger car sales turned out better than expected. Some 222,900 cars were reported registered, according to R. L. Polk, a 29% gain over March and 86% better than a year ago. Truck sales gained 15% over March; 125% over April, 1933.

Tool Orders Slump

Plans for 1935 models are still being held in abeyance. Both the slower pace of sales and the prospects of labor troubles when fall production is resumed are proving handicaps to the placement of tool orders. Another last minute rush for equipment looks like a certainty this year, with shops outside of the Detroit area likely to be favored in the hope of sidestepping strife. Streamlined cars will be favored for 1935, with minor mechanical changes. Independent springing for rear wheels may be featured for next year's sales appeal.

The Building Figures

Except for public works and utilities, construction business ended up the month of May better than it began. Residential and non-residential contracts turned upward from the April levels, but even with the aid of the extra day of May, public works and utility contracts fell 19% behind the preceding month.

Total awards reached $134.4 millions in May in the 37 states covered by F. W. Dodge, a 2% increase over April and 74% above a year ago. Residential contracts of $24.8 millions were 10% better than the preceding month; 6% below a year ago. Most impressive gains were registered in the non-residential building group. Volume of $52.8 millions closely approaches the public works total in importance. Compared with April, these structures, which are largely private in nature, gained 36%, while compared with May, 1933, the gain is 67%. Public works and utilities barely held first place this month with awards of $56.8 millions, 19% below April, but 199% above a year ago.

Coal and Power

Coal production held steady during May, even gave signs of beginning its customary seasonal rise after a nod for the observance of Decoration Day.

Electric power production has been gaining slowly during May despite the usual expectations for a spring decline. The week ending June 2 saw a severe drop. A number of motor plants closed down for the week-end following the holiday on May 30, and other industrial plants took similar advantage of the season.

Carloadings Run High

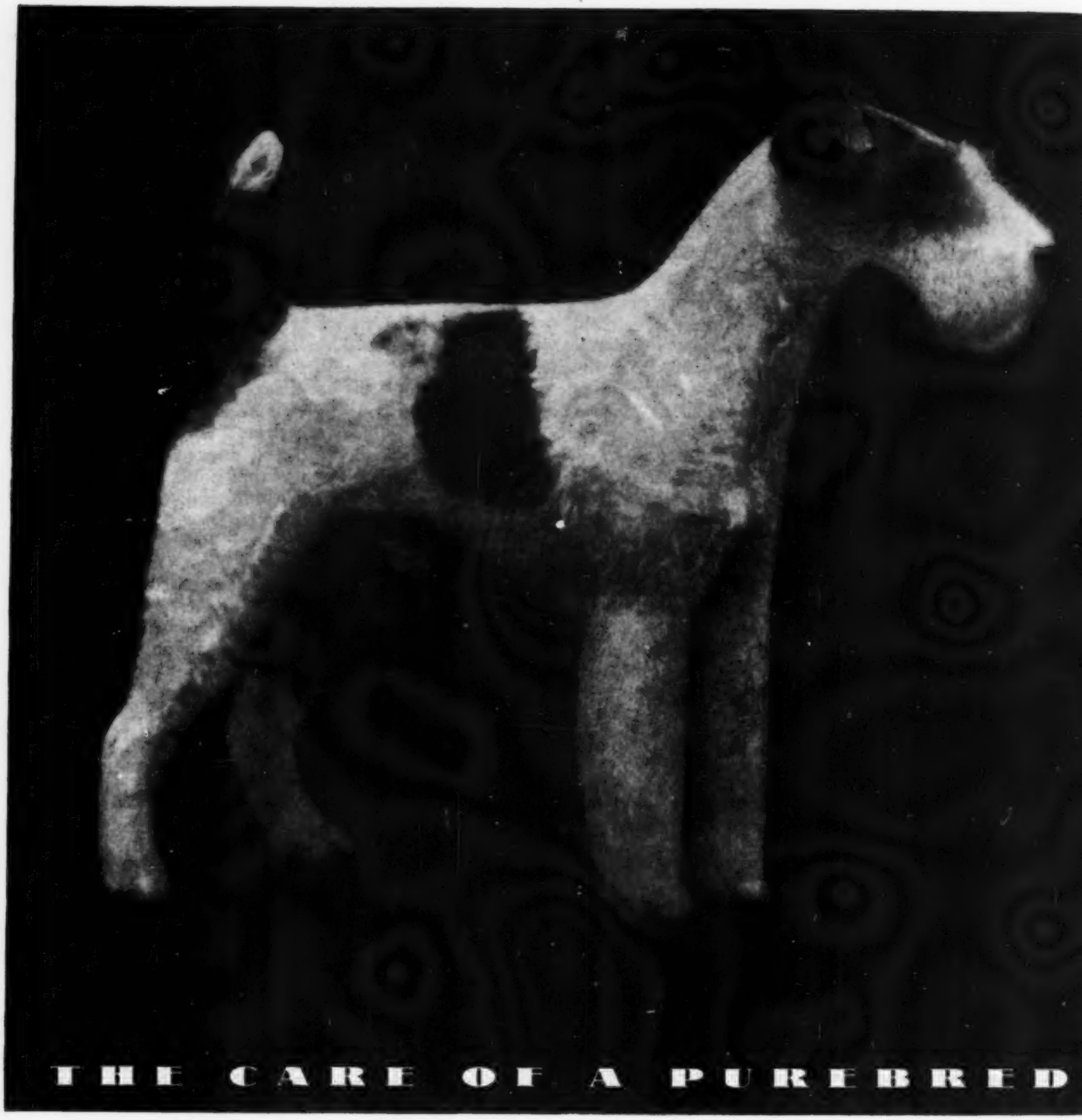
Carloadings reached the second highest level of the year during the week ended May 26. Auto shipments are believed to have been a heavy contributing factor. The June 2 report will show a holiday influence. April net operating income fell to $32.3 millions compared with the March peak of $52 millions. May and June are expected to lift net returns above the $50-million line again.

Retail Sales Encouraging

First May returns on retail distribution are favorable. The New York area department store sales ran close to 7% ahead of a year ago during the first 2 weeks, while April comparisons were vitiated by Easter and Saturday shifts. Massachusetts retail firms report an 11% gain over last year in the first half of May compared with an 8% spread in April. Nine chain and mail order houses found sales even higher than in March with its Easter business.

Holiday Statistics

This is the week when statistics reflect the Memorial Day influence. The holiday cut into production of automobiles, coal, and electric power as well as carloadings during the last week of May, but the dip was temporary. Steel is quickening its pace to take care of those customers apprehensive of labor difficulties and higher prices after June. Motor makers have thought better of the April price boosts that slowed up sales, are now reversing their steps to stimulate summer sales. Wholesale prices are either firm or gaining a bit, and are likely to continue near present levels for the summer.



This dog is a purebred. Born a purebred. Always will be a purebred. With expert care and handling, he will always be a credit to his breed and a pride to his owner.

An elevator can also be a purebred. Given the care and attention due it, a purebred elevator will always be a source of satisfaction to its owner and the passengers who use it.

The Otis Maintenance Service was organized and manned to provide the most scientific and economical care possible for an Otis elevator. To insure performance and safety and passenger comfort. It is the natural and final step from good elevator manufacture and installation to good elevator service.

At a reasonable, fixed, monthly rate, the Otis Maintenance Service keeps the elevator, its every part and every function, at its natural high point of efficiency. The local Otis office can give you complete, first-hand details.

Pictured above is Ch. Lone Eagle of Earlsmoor, sire of many winners. Owned by Dr. and Mrs. Samuel Milbank, New York City. Pedigree and record of this dog will be supplied to any one on request. Address Otis Elevator Company, 260 Eleventh Avenue, New York City.

OTIS ELEVATOR COMPANY

BUSINESS WEEK

JUNE 9, 1934

Toward a Labor Policy

More important than strike news is evidence that public interest is beginning to carry weight in labor wars.

BEHIND the news of strikes and strike threats something like a labor policy seems to be taking shape at Washington—there because industry and labor interests both head up at the capital these days. Behind the news of strike settlements there is evidence that this policy may become a dominant influence on industrial relations before large sections of industry quite realize what it is.

So far as they can yet be described, these are the elements from which it is being formed: (1) a new respect on both sides for the force of public opinion; (2) a new recognition of the public interest in labor disputes since that interest has become vocal through the establishment of such government agencies as NRA; (3) a tendency, fostered by this third party influence, to balance claims and counter-claims against cold statistics; (4) an equally important tendency to leave final decisions to the logic of events instead of allowing either side to freeze conditions on the basis of its strength at the moment.

Textile Challenge Met

These abstractions were again made concrete when NRA met the United Textile Workers' strike threat last week by a swift concentration of evidence that the public interest would not stand a revocation of its cut in cotton-textile hours, or a boost in wages that would raise prices; but also by a promise to put its Research and Planning Division on a study of possible improvements in labor conditions and by an offer to place union representatives on the cotton textile code boards—if the union could show 200,000 members in the industry.

On this demonstration of neutral strength and readiness to provide public opinion with a showdown on the facts behind the conflicting claims the strike formation fell apart. If the union fails to muster 200,000 members, as seems highly probable, it will have a hard job making good its demand for recognition. On the other hand, if it develops that strength later, employers will have a hard job refusing recognition.

Signs of this same policy at work on the steel situation have, from the beginning of the strike threats there, tended to support hopes that the prospective combatants would be disarmed as were those in the automobile dispute last spring. Steel's immediate issue, apart from the workers' dissatisfaction with average weekly earnings of $21.84 against $35.92 in 1929, has been union recognition, with special complications brought in by the industry's defensive organization of company unions. There has been a strong suspicion that the Amalgamated Association of Iron, Steel, and Tin Workers is not as strong or as united as it has claimed to be, which has grown with a dispute between its leaders and its so-called "rank and file committee." But there has also been a question whether steel's company unions could hold their lines.

Now, for the first time in the steel's fighting career, a third party has come into tne ring to say, "You can't afford to fight," and to offer a plan of mediation from a neutral corner where it has public opinion at its back.

One point in the application of the neutral policy that has not been officially mentioned is particularly interesting. An Amalgamated statement last week said that National Labor Board members, unnamed, told the A. F. of L. union representatives not to ask for plant elections, which would "go into the courts for a long time" but to "bow to the company union, try to get your people elected there and capture it."

Time to Prove It

There will be no Washington confirmation of this, but that advice at least reflects a Washington tendency to persuade both sides in labor disputes to leave the issues to "the logic of events." Obviously, that was one idea in the automobile settlement under whose "proportional representation" plan time will, at least theoretically, determine the proportions of A. F. of L. authority in automobile labor matters. Meanwhile, a neutral labor board is set up to see that coercion does not spoil the theory, though employers are pointing to the Wagner Bill as evidence that Washington's concern about coercion is one-sided.

While many employers are highly distrustful of any such tendency to leave things to time—"and to the unions"—the belief is growing that, despite bold talk, for the benefit of the recruiting drive, the higher-ups in the

Acme

STEEL LABOR LEADERS—Great ambition of organized labor for decades has been to unionize the steel industry. These men say they have accomplished it, claim to be ready for a test of strength. Michael F. Tighe, president of the Amalgamated Association of Iron, Steel, and Tin Workers of America (left); Edward W. Miller and Charles G. Gillis, vice-presidents.

A. F. of L. are more interested in the possibilities along these lines than they are in open warfare.

For Mr. Green there is the possibility that time will bring repetitions of what was the most dramatic labor development this week—Harry F. Sinclair's signature to a 1-year contract with the Oil Field, Gas Well and Refinery Workers. This guarantees his oil companies and the A. F. of L. affiliate against a strike or lockout, provides for company deduction of union dues from wages, and sets up an arbitration program to be worked out by the chief executive officers of the Consolidated Oil Corp. and the A. F. of L.—if a dispute should get that far. And both sides agree in advance to accept the arbitration award, which sets a remarkable precedent in American labor history.

Something to Think About

This move by the highly practical Mr. Sinclair, whose industry has hitherto fought for the company union, has started a good many employers wondering, especially those who have already been wondering whether there were worse evils than the kind of settlement that might be made with Mr. Green since he got into NRA.

One industry that is called upon to do some quick thinking, though it is unlikely to be along Mr. Sinclair's lines, is rubber. This week tire employees from as far away as Los Angeles have been meeting in Akron to form a new "international"—formulating demands for a guaranteed working year of 44 weeks or, as an alternative, half pay for idle time. There is a feeling that the work-spreading movement, supported by Akron since Hoover days, has been carried too far, particularly since the start of the slack season. The rubber companies are watching, inclined to think that prior settlements in other industries will show them a way out of trouble.

Toledo's Morning After

For a sample of real trouble, Akron and all other cities can refer to Toledo, now recovering from the rioting that followed Electric Auto-Lite Company's effort to keep open when 500 out of 1400 men walked out. This week, Toledo's strike was settled by a 5% rise in the wage minimum, reemployment of the strikers, and an agreement to deal with union representatives along with shop council members. The mediators first, and then the company, realized that they were handling a problem in abnormal psychology, due to the extraordinary depression difficulties which had hit Toledo.

Meanwhile Congress dallies with, and employers amass objections to, the Wagner Labor Bill—and Washington wonders whether the President's reputed inclusion of it in the "must" legislation has been a strategic move to persuade the steel companies to a bargain.

Acme

RAZING CHICAGO'S DREARIEST—First block to be leveled in Chicago's slum clearing campaign, the "2900's" on Federal Street, a sad South Side area the Metropolitan Housing Council picked. Labor by the Illinois Relief Commission.

Housing Hurdles

Roosevelt wants action on housing, but Congress is tired, compromise isn't feasible, opponents are vigorous.

WASHINGTON—If Congress goes home without passing the housing bill, the responsibility will lie at the Capitol, not at the White House. That is the impression which President Roosevelt's strategy this week is designed to create. The President wants action but the Administration's shock troops have to overcome not merely the inertia of a tired Congress but also the opposition of the powerful United States Building & Loan League.

The House Banking Committee was scornful, indeed, of the methods by which the Administration proposes to attract capital for construction and to reduce the cost of owning a home, but "things have been explained to them" by Winfield Riefler, economic adviser of the National Executive Council, Albert L. Deane, president of General Motors Holding Corp., now in NRA, and other collaborators on the bill.

The issue is drawn on home financing. The Administration wants to reduce interest rates and placement charges. The building and loan associations generally want guarantee of their deposits to restore them to even terms with the banks. Instead of mutually insuring private funds invested in mortgages, they would have the government put up capital by buying building and loan shares. Neither do they want any federally-blessed national mortgage associations to cut into their business.

The National Association of Real Estate Boards wants to make room for speculative building, which is deliberately barred by the Administration's bill. The realtors propose that the government through a Federal Mortgage Discount Corp. purchase at a discount of 2% mortgages on new other-than owner-occupied houses, to the extent of $3 billions. The discount corporation would raise the funds by issuing tax-exempt bonds guaranteed both as to principal and interest by the government. To allow for ascending values, mortgages which are purchased prior to July 1, 1937, would be limited to 80% of appraised value, thereafter to 60% amortized over a period of not more than 18 years at a rate not less than 2% a year. No mortgages would be eligible for discount on which the interest rate exceeds 6%, or upon which the total cost of placement to the original borrower exceeds 5% of the value stated on the face.

Because the Administration's program is so deeply rooted in fundamentals, it would soon be wrecked by compromises. The chances are that if White House pressure is not sufficient to push the bill through substantially as drafted, the program will be abandoned until next year.

Home repair and modernization doesn't involve such deep-seated issues as home building but is admittedly

superficial. With the government prepared to underwrite losses up to 20% of the total loaned, there's no active opposition, although the building and loan associations charitably estimate that it will cost the government from 10% to 15% of the total or $100 millions if modernization runs to $1 billion. In the House Banking Committee it is opposed, as inciting people to plunge into debt on a basis that, with no security, violates sound banking principles.

Obtaining the cooperation of the building supply industry and of building workers is the next hurdle that the Administration's program has to take. The housing program won't get out of the cellar, according to Harry Hopkins, Federal Relief Administrator, unless the unit cost of building is reduced. He is confident that can be done if volume is created.

The Administration has "substantial assurances" that the building supply trades will cooperate. The building trades unions, said Hopkins, have yet to signify their attitude.

Because of the mass production principle invoked by the plan, no conflict is seen between it and the NRA program of raising prices and wage levels. Building costs have come back further and quicker than others. According to the Public Works Branch of the Treasury Department construction cost of a 5-room brick dwelling now stands at 94% of 1929's 100, after dropping to 75% in 1932.

Drought Results

Cut in wheat crop will reduce carryover but no shortage is in sight. Prospects in South and corn belt still look good. AAA payments and relief will help purchasing power in drought areas.

ONE of the diversions of the Street is to forecast the forecasts made by the government on crops. Rain and drought are matters with which the Street amuses itself when the stock market is dull. It is important not to become befuddled. The last forecast by the government was made on May 10 when the Department of Agriculture estimated the winter wheat crop at 461 million bu. No official estimate of the spring wheat crop was made but, allowing for a 15% acreage decrease, the prospects were for a 150-million bu. crop. The next forecast will be made June 9. In the meantime, the Street has been blowing hot and cold. The price of wheat has fluctuated from a low of 78¾¢ on May 3 to a high of $1.03 on May 31 and then receded to 96¢.

In the absence of a government report there are many unofficial estimates, necessarily made from reports and observations of a limited area. The average estimate of 5 experts indicates a winter wheat crop of 417 million bu., 54 million less than the government's estimate on May 10. Spring wheat is unofficially estimated at 118 million bu., against the previous figure of 150 million, making the estimate of the 1934 crop about 535 million bu., or roughly 100 million bu. less than the normal consuming needs of the country.

Second Short Year

This is the second year during which we have had a shortage. Last year's wheat crop totaled 527 million bu., or 227 million below that of 1932. In consequence of the droughts during the 2 years, coupled with the AAA activities to reduce the area of spring and winter wheat, there is a likelihood that the carryover, estimated on Jan. 1, 1932, at 322 million bu., and cut to 194 million bu. on Jan. 1, 1934, will be reduced further this year. But it needs to be remembered that when the country had a crop of between 600 million and 700 million bu., as from 1910 to 1914, the carryover was only around 75 million bu. So the 2 successive crop shortages are not likely to bring about a national wheat shortage even though the forthcoming June 9 report should prove as bad as the unofficial ones forecast. Furthermore, favorable weather can make considerable change and some has developed since these forecasts were made.

But Not a Real Shortage

While there are no prospects that the daily bread of Americans is to be curtailed, the income situation may be serious for many farmers, not only grain growers but those relying on farm feed for livestock. But here, too, hysteria is out of place. Even a 535-million bu. crop means that most farmers will get 60% of their normal yield. There may be regions where they will get nothing, particularly in western Kansas, Oklahoma, and Texas, but in others they are likely to get excellent crops. However, AAA benefit payments will go to all farmers who have cooperated with the government in the acreage reduction program irrespective of their 1934 yields. Thus we may expect that, on the whole, the farmers will obtain purchasing power, partly from the higher prices on the smaller crop, partly from AAA payments. Benefit payments during April, the last month for which figures are available, totaled $7 millions. The second payments totaling $27 millions are due, of which $7.5 millions will go to Montana, Minnesota, and the Dakotas.

Furthermore, the 1934 Deficiency Appropriation Bill allocates directly for relief $1,172 millions and has broad provisions to divert unspent funds from the RFC and the PWA toward relief.

The Administration is now asking Congress for authority to spend $525

International News

A WHEAT FIELD—The ridge is a fence against which the winds have piled the dry dust as they might drift snow. The parched seed planted in this field near Pierre, S. D., blew away long ago.

millions for drought relief if and as needed. The full amount—whose impressive total will obviously serve a political purpose when election time comes in the drought areas—is hardly likely to be needed. It represents 11% of the farmers' $4.8 billions of cash income for crops and livestock in 1933 (not including $159 millions AAA rentals and benefit payments), more than their cash income for any 1934 month to date. Drought damage is not expected to run to anything like this total.

What It Means to Business

From the standpoint of business, the effects of the drought sum up about like this: (1) Wheat prices have not yet reached parity, which would be $1.06 at the farm or $1.20 at Chicago; (2) total farm income will be below the expected $8 billions but considerably above the $5 billions income in 1932; (3) railroads may suffer some reduction in the volume of agricultural freight; (4) in many of the severe drought areas we may obviously look for decreased purchasing—already felt in the mail order houses.

However, business men should be careful not to overemphasize this last factor. The South is likely to have an unusually good year with excellent prices, and the same thing may also apply to the corn belt where planting does not usually start until the second week of May and can be continued until mid-June. Much of the drought distress may be neutralized by government relief and AAA benefit payments.

The AAA planning group has not been routed by the drought. Acting-Secretary Tugwell, speaking of the drought while Secretary Wallace was absent from Washington last week, held firmly to his faith in "the value of crop control artificially." "The farmer," he said, "has always fought to outwit nature, and in the long run the weather can be averaged out; it is a constant factor if studied over a long period. We see no reason for not going ahead with the food reduction program, because over the years, and under our present economy and crop production methods, the plan is sound. From the beginning it was foreseen that crop reduction would not be necessary continuously in all fields, and the program has been built to allow for prompt changes when they came due, as they have now. The way in which we have been able to release areas, previously withdrawn, for the production of forage crops is indicative of the elasticity of our program."

Nature Isn't in AAA

But AAA, facing what Dr. Tugwell described as the "national calamity" of the drought, insists on a distinction between the effects of Nature's disorderly "crop reduction" and its own planned methods. If, as seems apparent now, there is a serious natural deficiency in forage, grass, and forests, the plan will be changed to adapt itself to those needs.

It is inevitable that, as a result of the lessons of the drought, the as yet undeveloped plans of the Administration to set up storage of staple crops will be greatly advanced. Loans on corn in the cribs of the farmers constituted the first move in this direction, and the loosening of government control of that stored corn (either perforce or deliberately in the face of the drought) may be produced before long as proof positive of the value of that loan and storage plan which left the corn in the hands of the farmers, against a rise in corn prices due to the drought, instead of in the hands of grain speculators in Chicago.

There are, of course, politically-minded people in Washington who suggest that AAA may need something to offset the effect of the drought on farmers who have already been wondering whether they wouldn't have been better off if they hadn't accepted any of its millions for crop restriction.

Direct Loans

RFC prepares for brisk industry demand for intermediate credits.

WASHINGTON forecasts a large number of applications for loans under the direct loans to industry law when it takes effect. The RFC already has prepared an elaborate circular of instructions to would-be applicants, so as to get action as expeditiously as possible. A Federal Reserve questionnaire showed a legitimate need of solvent industries for intermediate credits, mostly for equipment which will increase efficiency and hence profits. The banks are determined to avoid all loans which are connected with capital expenditures. That is why a considerable demand for such loans is predicted.

Instructions state that applications first will have to be approved by the RFC regional loan agency. No loan will be approved except upon evidence that it cannot be obtained through ordinary channels, or from a Federal Reserve Bank.

Detroit Shows Fight

Besides slashing prices when sales lag, the automobile industry revises its sale technique, and may drop the big shows for little ones.

AUTOMOBILE manufacturers are not going to let sales slide without a fight—even if the fight has to start with a surrender of those April price increases which have been blamed for part of the lag in buying which began to worry Detroit last month (*BW—May19'34*). Before they get done fighting, the battle against the "seasonal slump" after their fast spring start may have effected something like a revolution in the industry's sales technique.

First move toward a realistic readjustment of prices has been made in the low-priced field where romance costs more than competition will allow in days like these. After introducing "standard" lines with fewer gadgets in an interim attempt to reach down to the even lower-priced brackets where many prospects seemed to be stuck, Chevrolet and Plymouth have now extended their reach by bringing down all their models. Chevrolet has cut $35 to $45 from its master models (as well as $25 from standard models and $30 to $50 from commercial car prices). This brings its 4-door master sedan down to $640, which is $35 below the May f.o.b. price and $5 below the figure at which it started the year. Plymouth has cut $10 to $20 on the regular 6, $20 to $35 on the deluxe 6, $35 and $45 respectively on the 2-door sedan and business coupe carried in the new standard line. Its regular 4-door sedan is down to $600 from $610, but still $15 above the $585

Globe

DROUGHT DRAFTS HIM—Dr. E. W. Sheets, chief of the Bureau of Animal Husbandry, is pulled away from his regular job to supervise drought relief.

International News

IDLE—BUT NOT PEACEFUL—Longshoremen's strike has tied up tens of thousands of tons of shipping at San Francisco piers along the city's famous Embarcadero, shrinking the port's business an estimated $110,000 a day.

quoted at the time of the New York Show (*BW—Jan13'34*).

The third member of the "all three" fleet was still to be heard from this week. However, it was recalled that Henry Ford was still to be heard from after his competitors raised prices in the spring. Eventually he said, "When prices go up, business goes down," and Ford's prices have remained where they were placed in January ($585 on the 4-door V-8 sedan)—which has been a factor in the new shift.

First of this week's price reductions from the next level up came on Pontiac on which General Motors cut $40—coming down to $765 on the regular 4-door sedan. Later, G.M. also reduced Oldsmobile 6's and 8's by $10 to $25 (regular 4-door 6 sedan now $755). Chrysler has recently added excitement to the competition at this level by the introduction of a lower-priced "standard" Dodge, with a 4-door sedan selling at $745, approximately the pre-April figure for Dodge. Hudson's Terraplane "Challenger" had created the same kind of excitement for Chevrolet.

An additional factor in the price revision has been the dealers' NRA code, which now prohibits those strategic increases in trade-in allowances that used to put up a defensive at the beginning of the seasonal letdown.

More and Later Shows

Price cuts, however, are to be only one shot in the arm. With revised ideas about prices the automobile industry is coupling new ideas about selling. General Motors is putting on automobile shows in 61 cities, following the precedent of the 59 local shows that drew an attendance of 5½ millions and stimulated buying in the gloomy days of April, 1932. Other makers are studying the success of Ford's shows in Detroit last October and in New York last December where 3½ millions clamored to watch skilled artisans make parts and materials for Ford V-8's. At the Century of Progress, with Mr. Ford on hand this time, the industry is pushing the "biggest automobile show ever held" as a reviver of buying enthusiasm. Only one car maker has no exhibit at Chicago this year.

The interest in these shows, the talk of summer dealer exhibits to whoop things up, and the evidence the manufacturers have had of the desirability of keeping their products in the headlines in the busy season is strengthening an earlier move against traditional sales technique. This came to a head when members of the National Automobile Chamber of Commerce recommended that the New York and Chicago national shows, held each January, be abolished in favor of 100 local shows, including these 2 cities, to be held during an Automobile Week some time between Feb. 15 and Mar. 1.

Chief complaint against the 2 national shows is that the effects wear off before John W. Public begins to feel the lure of the spring roads. The larger companies add that they frequently don't get what they want under the big tops, and special exhibits, like General Motors' at the Waldorf and Chrysler's in the Chrysler Building last January, have grown in number and importance, threatening in some cases to overshadow the main event. Individual makers have been learning something about holding shows of their own. Their experience has been putting the New York and Chicago shows on the defensive.

Smaller Makers Object

However, these are not expected to go down without a fight. They have the smaller independent manufacturers behind them, also a considerable portion of the dealers. Among other objections to abandoning them, champions assert that it would be impossible for the smaller companies to make enough cutaway chassis and show models for 100 simultaneous shows. Another is that, without them, buying in January and February, lean months at best, would almost cease while people waited for the spring shows.

Dealers are insistent that, if the N.A.A.C. plan is adopted (throwing the financing of the new shows largely on them), car makers must pledge themselves to hold back new models until Automobile Week. Manufacturers don't want to do that. The larger ones are particularly anxious to get away from simultaneous announcements, because such a pegging of release dates gives labor unions advance notice of an opportunity to stir up trouble on a big scale.

It is still a toss-up whether the new plan will be tried out.

Landis' New Commission

Securities and Exchange Commission, provided for under regulatory bill, to be headed by Administration's top brain truster. Flexibility of measure leaves degree of control of exchanges and new issues to that body.

WITH the signing of the Securities Exchange Act of 1934 governmental control of the stock exchanges of the country becomes effective as of July 1. The long wrangle over who should control and how that control should be exercised is ended. But the degree of control still depends largely upon the 5 men to be selected as members of the new Securities and Exchange Commission. Should they desire, they could make it a more drastic measure than the original Fletcher-Rayburn bill. Wall Street, suspicious of any bill it did not help to draft, fears that might happen, that unless there is at least one practical securities man on the commission, rulings might have dire and unintended results. It seems probable that one commissioner will be picked for his practical knowledge, but in this opinion Wall Street underestimates the ability of James M. Landis, slated to head the administrating body.

Landis is an extraordinary person. There is no end to his erudition. The vast extent of his knowledge fools a lot of people who cannot believe one man

could know as much as he does about so many things, and then have spare brain cells for something else. That is what happened to senators and Wall Street lobbyists who thought because he could speak Japanese and Russian, had been a prize student at Princeton and taken the Harvard Law School by storm, written law books with his old professor, Felix Frankfurter, and with Samuel Williston, and had been able to draft a loophole-proof securities act, that he could not be practical. They thought if they could get him into an argument with President Roosevelt as the referee they could shoot holes through him.

Obviously, a Good Guesser

But this prize college student was also a very good poker player; he ranks so high in contract bridge that some say he is one of the ten best players in America; he was a crack tennis player. All of which means that he is pretty good at guessing what the other fellow will do in any given emergency, and governing his actions thereby.

These critics of the Securities Act went to the White House asking for a modification of the Act, claimed that the most unreasonable feature was the 10-year liability clause. An investor, they said, should know long before then whether he had been cheated or not, and the law needlessly piled up potential liabilities on corporations and underwriters. The President, impressed, sent for Landis. Landis blew up right in the face of the President and the critics of his act. Said it might as well be repealed as amended in such drastic fashion.

—And a Strategist

Even the President looked shocked at this apparent intolerance. The would-be modifiers were delighted. They fought like mad to win that one important point and succeeded in reducing the period to 2 years. Then they found out that other modifications they wanted so much had for the most part been overlooked. Landis had taken both flanks while they were capturing the center he had held out as a bait. He proved himself a New Dealer with political efficiency, exactly the kind of man the President wants to steer the new commission through the perils of its first years.

There is no such certainty regarding the other commissioners to be appointed. G. C. Matthews, now on the FTC and fully in sympathy with Landis policies, is a likely candidate. Sidney J. Weinberg of Goldman, Sachs & Co., Thomas J. Watson of International Business Machines, and Robert E. Wood of Sears, Roebuck have also been mentioned. But the force of "Cocksure" Landis, as he is known on the hill, will stand out even in that impressive company. He will continue to smite the wicked in high places and protect the lowly with the aid of his fellow commissioners—or in spite of them if necessary.

From a practical standpoint, the amendments to the Securities Act—also to be administered by the new commission—should open the market to new issues. The only regret heard in pro-Administration bond quarters is that, having gone so far, the amendments did not go one step further and lighten the requirements of the registration statement. The argument here is that it costs an established company as much to prepare a statement for a small issue as for a large one. A $25–$50 million flotation might be able to stand a charge of $200,000–$250,000 where one of $2–$5 millions could not. The percentage cost of this item acts to shut out smaller issues and the need in industry today is for money in relatively small sized blocks.

Commission Can Act

The case, however, is not hopeless. Under the original law, the commission has the power (Section 19) to make, amend, and rescind rules and regulations including those governing registration statements and prospectuses for various classes of securities and issuers. This power has already been used to exempt certain very small issues. It might be used to allow separate registration statements for different kinds of companies. By eliminating the questions not important in that industry, and perhaps adding others, it would be possible for the commission to get a more informative statement at lower cost to the registrant. Such a move would be a real aid to business at this important stage of the recovery.

Bond men feel that a ruling of this kind would be more influential in breaking the securities jam than the recent amendments to the Act. Commissioner Landis is reported to look upon the suggestion favorably, provided it can be handled by fairly large classes of securities to avoid political pressure for any one issue. Here, as in the control of stock exchanges, the reasonableness of the regulation will depend upon the attitude of the commissioners selected and, to a certain extent, upon the attitude toward this regulation of those who are regulated.

Wide World

NO. 1 BRAIN TRUSTER—James M. Landis, they say, is ace high among Presidential advisors, will head the securities commission. He speaks Japanese and Russian, is a crack contract player, good at tennis, has some talent for political poker, too.

Furniture in the Recovery

Let down by collapse of speculative boom, furniture manufacturers watch for signs of price-cutting, call for price boosts to save code, think that, maybe, the public is getting around to them.

FURNITURE manufacturers have been experiencing an old-fashioned "morning after" headache. For the first few months after enforcement of the National Industrial Recovery Act almost every furniture maker was riding high, wide, and handsome. The idea had gotten abroad that buying at the prices then prevailing was just about like getting gold dollars for thirty cents. It was argued the lumber code would soon have prices leaping and bounding, that furniture's own code would double and treble labor costs on some lines.

Everybody in the retail furniture business with ready money or a good line of credit saw visions of huge speculative profits and promptly went on a buying spree. Dealers who in normal times would do some hard thinking be-

fore placing orders totaling $10,000 (at wholesale), merrily bought $40,000 or $50,000 worth before they even stopped to catch their breath. Big fellows with extensive sales organizations and complete setups for instalment selling piled up commitments totaling $200,000 or $300,000, going far beyond customary limits. Many a furniture plant that had stood idle for months or even years started humming once more, and executives began to dream of good-time sales totals and old-time profits.

An Air Pocket

Then the climb toward a new altitude record for furniture struck an air pocket when orders of the speculative type all had been filled and little or no regular or repeat business appeared. Some factories hit that pocket with such suddenness that they went into a hopeless tailspin and crashed right through to the bankruptcy court.

Other plants, perhaps more conservatively managed, better financed, preserved most of the surpluses accumulated during the shortlived boom. They tapered down production schedules in keeping with the downward trend of unfilled orders and eventually went on a basis of manufacturing against actual orders on hand.

When the code for the furniture industry (*#145:BW—Dec23'33*) became effective, this type of manufacturer found it comparatively easy to make operations conform to code requirements, although at first the drastic reduction of working hours made it difficult to complete existing contracts on time. However, after 5 months' experience, he is conceding that the code will materially aid stabilization of production and distribution and should result in much cleaner competition, particularly after surplus stocks now in the hands of dealers have been absorbed.

Not all furniture producing districts appear equally happy over the code. Some of the Southern manufacturers find a grievance in the fact that the code imposes a bigger wage increase on them than it does on competitors in other sections. They formerly paid 7¢ to 15¢ an hour and worked 12 to 15 hours a day; under the code they must pay 30¢ an hour minimum and observe a basic 40-hour week. Their price schedules have traditionally reflected their low labor costs and assured them a definite volume of business in the lower-priced lines. Now, under the code, they are forced to advance prices to a point that brings them into direct competition with manufacturers located nearer to the larger markets.

And Then, There's the Code

Meanwhile, manufacturers, regardless of location or type of goods, are worried over what the present state of their market and the price situation may do to successful application of the code. The big furniture dealers who generally supply the badly needed backlog of orders for most makers are at present a doubtful factor. They are still suffering from their recent speculative spree, in many instances still have large stocks in their warehouses, are not likely to purchase in any considerable quantities until they see consumer buying substantially on the increase. Also, manufacturers know that they cannot expect much from the smaller dealers because these, by force of circumstances, buy from hand to mouth, never place enough business at one time to make volume production possible.

Because of these conditions, some manufacturers are said to be ready to jump the traces, cut prices for the sake of getting volume, with the result that, despite the beneficial influence of the code on production activities, chaos would once more return in furniture distribution (*BW—Dec2'31;Jan13'32*).

Jamestown Prices Firm

Those interested in preventing any serious breakdown of morale among furniture manufacturers are watching closely. They were glad to note that at the recent Jamestown "market" prices held firm until the very end despite the fact that buying was decidedly light. They are hoping fervently that buying at the forthcoming New York "market" (beginning June 11) will get under way early so that a stampede of the weaker sisters may be staved off. It is contended that if prices hold firm through the New York event, the industry as a whole will have "turned the corner." Later comes the Chicago summer furniture market (June 25–July 14) and the industry is cheered by news of an advance sign-up of 60 nationally-known firms, assuring more exhibitors than in any previous show.

Oldtimers cite as another favorable factor the reluctance of most manufacturers to produce for "stock" or in anticipation that dealers' orders later will justify the investment. They argue that any material increase in consumer buying will absorb the stocks in the hands of dealers much more quickly than replacement goods can be manufactured, that thus a real shortage of goods will arise, with a resultant stiffening of prices rather than the feared breakdown.

Leaders Back the Code

All constructive factors in the industry are in favor of the code, but they warn that higher prices must come if the code is to be saved, since manufacturers can't pay lumber-code prices for wood and furniture-code wages for shorter hours without passing the costs along.

Wholesalers and dealers are convinced that the low point in consumer buying of furniture has been passed and that those who have "hung on" so far will now find the going easier. They point out that consumers have had a year in which to catch up with their wardrobe and other delayed purchases of true "consumption" goods, must now start to buy the "capital" goods of the consumer-goods classification, among which furniture ranks first. Some report that medium-priced items, the "white collar" lines of the trade, are now in little demand, that the bulk of calls is for the low-priced, practical lines and—more rarely—for high-priced goods.

Business Week

TWO MILES OF ART—Frank Young, director of the American Academy of Art; Mary Coffey, president of the Women's Advertising Club of Chicago, and Lessing Rosenwald, chairman of Sears Roebuck board, judge 12,500 entries in a contest for the best catalogue cover held by the mail order house. Jerome F. Totman, Woodside, Long Island, won $1,000 first prize with his design.

Middletown—Ten Years After

III. Muncie, the typical American town, still has 8% of its people on relief, and fears many of them have become unemployable. The mobility of labor irritates the natives—but it works both ways.

THE shift of workers to localities offering better work (or better unemployment relief) has long been the concern of persons having mortgages, commodities, or social ideas for sale. This was one reason why families held on to "the car" as long as they could buy license tags. Also, it sharpened geographical antagonisms. This sticks out of any current discussion of the labor problem of Muncie, Ind., as it did when the city was dissected to furnish material for "Middletown" 10 years ago.

Said a Muncie-born worker in a Muncie gear plant,

"I wish the Ohio River was an ocean. I sure do, by God!"

"Foreigners" from Kentucky

Asked to explain this profane vehemence, he waxed eloquent on a pet detestation. It was the "foreigners" from Kentucky and Tennessee brought in by Muncie manufacturers. Trans-Ohio immigrants arrived in great numbers during the boom years. Transportation usually was an infirm Model-T Ford, its sides bulging with mountaineer kids and family portables.

Muncie workers hated the Southern invaders because they worked for lower wages, had no "class consciousness." Some labor spokesmen profess to think that Tennesseeans and Kentuckians are still being brought in but logic is against them.

These workers were not as productive as the better-trained men already on the job. With labor rates raised as a result of NRA, executives are certain to employ the best men available. But the hillmen and their families still stick around because they have been in town long enough to get on relief rolls. And they are acquiring a taste for charity.

"The Culls and Ineffectives"

About 1,000 families remain on the relief rolls, a reduction of over 1,250 during the past year. The remainder average 4 to the family. Thus 4,000 persons of a population of some 46,000 are still dependents on the generosity of their fellow-citizens or on governmental donations. Here is something for the typical American city to worry over.

One relief executive sees a strong likelihood that these 1,000 will never get jobs and that they will want to remain in Muncie to live on charity. He explains it thus:

"The breadwinners of these families are the culls, the ineffectives of industry. They are known to plant executives who have found them poor workers. Now the plants are employing again but they are not reemploying the unfit. With expert men plentiful and wages higher they are demanding only the best, and getting them."

What is to become of these people?

"We don't know. We are just feeding them and hoping."

Muncie's Unemployables

These are Muncie's "unemployables." Little comfort is to be had from a state survey which estimated that, even during the 1929 peak, 25% to 30% of those out of work would have to remain in that condition.

Peak of relief expenses came in 1932 when the township spent $312,000 in tax money, and the community chest collected an additional $115,000. Last year the chest collections fell to $96,000 and the township spent much less. Federal spendings were a godsend to Muncie's hard-pressed givers. Between Nov. 15 and Mar. 1, $350,000 of CWA money came to the rescue. There are now about 600 working under the FERA program.

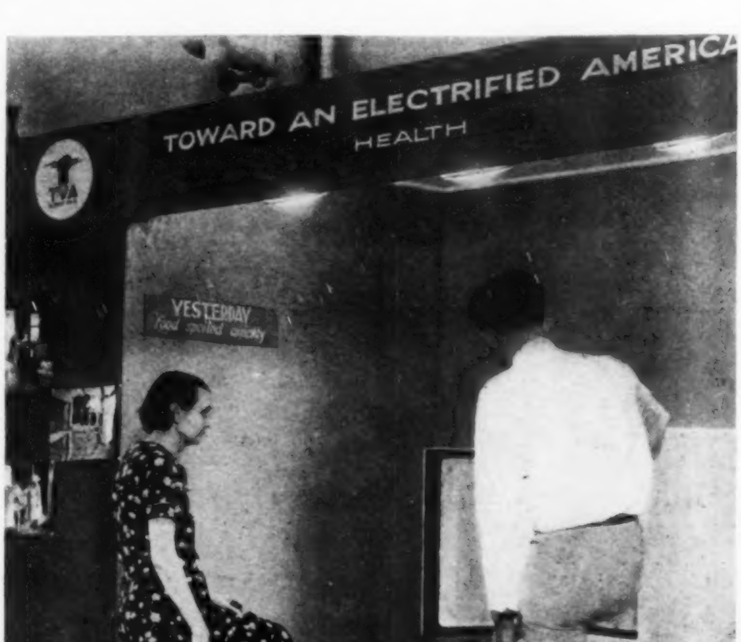
Subsistence gardens played an important rôle in the relief activities of the combined agencies. There were provided: (*a*) the community garden where men on the relief roll were required to work a day each week before getting food from the commissary; workers did not get food direct from this project; (*b*) home gardens in which the produce belonged to the person who worked the plot; seed was supplied free and those not having land available were assigned 50 by 100 ft. plots. Some 2,500 seed packs were given out last year. The work is continuing this year with expectations of an even greater seed distribution.

A local labor official complains that mobility, made possible by the automobile, brings distant labor into impact with Muncie's natives. "During the boom they came in here from a radius of 40 miles. They still drive in to get our jobs."

This protest is not taken seriously. First, because the relief organizations found that men with greatest initiative moved out where they could have small gardens during the depression and these are the higher-type men who are now getting jobs. Then, the automobile runs in both directions—into and out of Muncie.

Jobs 40 Miles Away

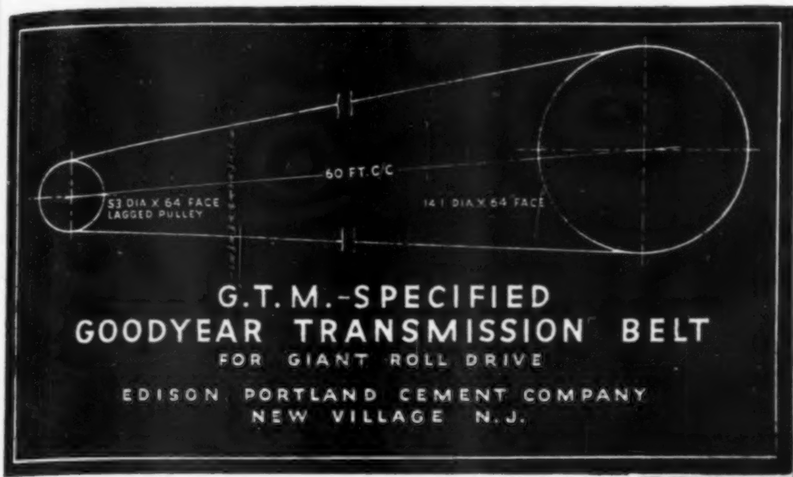
You may have heard something about the revival in the automobile industry. It has helped not only Muncie, but towns nearby. One is Newcastle, which has a large Chrysler plant; another is Anderson with an important unit of Delco-Remy. Thanks to motor mobility, these two are helping the employ-



Business Week

UNCLE SAM, MERCHANDISER—A Mississippi housewife views the refrigerator exhibit in the TVA showroom at Tupelo, Miss., testing ground for its electrical appliance sales campaign now under way (page 21).

NOT A MINUTE'S TROUBLE IN 12 YEARS



650 to 850 horsepower loads at 325 R.P.M.

GOODYEAR TRANSMISSION BELT NEVER FALTERS ON GIANT ROCK-CRUSHER DRIVE

Called "remarkable" after 4 years' service in '26, it is still going strong today

A G.T.M. JOB

HERE is the saga of a belt that should prove eye-opening to anyone vexed with a belt-killing transmission drive.

In 1922 the Edison Portland Cement Company called in the G. T. M.—Goodyear Technical Man—to recommend a belt for the Giant Roll Drive in their crusher plant at New Village, N. J.

This drive operates the great rock crusher that grinds up huge limestone boulders weighing from three to ten tons. The terrific shock and strain of such impacts required a belt with plenty of intestinal fortitude.

SPECIFIED BY THE G. T. M.

Thoroughly analyzing these requirements, the G. T. M. specified a 9-ply Goodyear Transmission Belt 147 feet long and 60 inches wide.

In 1926, after handling 650 to 850 horsepower loads continuously for four years, this belt had already given such unusual service that a company official stated: *"Its performance to date is really remarkable—it has never given a moment's trouble!"*

Today, eight years later—12 years after installation—this belt is still in service without ever having had one minute's "time out" for repairs, save cutting to take up slack. And it looks good for several years' more service!

Records like this are common where the G. T. M. has specified belting to fit exacting jobs. Perhaps he could save you money in equipment and operating costs. To get in touch with him, write Goodyear, Akron, Ohio, or Los Angeles, California—or your nearest Goodyear Mechanical Rubber Goods Distributor.

BELTS · MOLDED GOODS
HOSE · PACKING
MADE BY THE MAKERS OF GOODYEAR TIRES

THE GREATEST NAME IN RUBBER

GOODYEAR

ment situation in Muncie. Every day hundreds of workers from the town go to jobs in Newcastle and Anderson. To save expenses, 4 or more will make the trip in one car, pro-rating the cost of gas among themselves.

A curious development is in progress which may result in extending the jobs of older men now employed. "Middletown" noted that the machine age had brought a demand for younger people with quick hands and greater endurance, displacing older workers who were left over from the age when skill and experience were job-getters.

Deadline, 45

This notion persists. "Contractors," observes a labor man, "ask for strong youngsters who can work fast without tiring. The increase in wages on account of NRA makes them want to get as much out of a worker as possible. Also competition is keener and every item of cost must be figured close. In factories age still counts. The first question asked is: How old are you? If you are over 45, no chance."

But there is another side. In CWA projects preference was given older boys in families where, from the death of a father or other causes, the youngster rated a job. While it was found that the older men embraced the chance to work as a means of returning to independence and regaining their self-respect, the younger men showed no such enthusiasm. One boss said:

"You'd be surprised how many of the younger men quit their picks and shovels because of sprained backs. They are stalling, of course. They just don't want to work. We find, too, that there is often a lack of young men in the skilled trades—carpenters, plumbers, masons, and the like. Why, several times we had to get special permission from the state administrator in order to bring in skilled men to fill a gap on our CWA jobs."

The youngsters are not only ignorant of trades, they are often malingerers. The *Business Week* investigator confronted one laboring man with this fact, and bumped square into the result of a tendency that was prominent in the pages of "Middletown."

A Case in Point

"Sure the youngsters don't want to work. Do you want to know why?

"It's our fault; mine and the rest of the working men's. What have we had drummed into our heads for years? Education. We had to educate our children. We went around saying we didn't want our boys to have as hard a time as we had. So we gave them an education instead of teaching them trades. We skimped to put them through school.

"I got a kid that's grown now. I sweated to pay his way through Ball College. He studied to be a school teacher. And when he got out, look what—? I drove that kid all over the state of Indiana trying to find him a job teaching. There were already too many teachers wherever we went. You know what he finally got? A clerking job in a chain grocery, $10 a week."

It is these old timers who form the backbone of the union labor movement that is coming back strong, thanks to the federal blessing. ("Middletown" noted in 1924 that the strength of the unions had almost disappeared.) Muncie now has 18 locals of the American Federation of Labor. Of these, 6 have just been organized. Officials claim that membership has risen from about 1,000 last year to a present 4,000. A labor paper has just been started which is a credit to its editor. Organizers are busy in all plants.

Sidelight (a prominent citizen talking):

"Not many people know how desperate workmen were. The agitators were making real headway. You've got to give the A. F. of L. credit for turning that trend. It's an unwritten chapter of history."

NOTE: *This ends the series on "Middletown—Ten Years After."*

Where the Sales Are

Study of recovery map suggests that it may pay to push out selling salients in agricultural regions while waiting for a general advance.

A GOOD general knows that, even when his position isn't strong enough to permit an advance all along the line, there may still be an opportunity to gain ground by pushing out salients at favorable points. A good sales manager knows that similar tactics can be advantageously applied in a recovery that hasn't gone far enough to promise nationwide success for a general sales drive. The important question is: Where can the salients be pushed out to the best advantage and at the least cost?

A study of the national sales map broken down into Federal Reserve districts helps to supply the answer by showing where individual factors in special regions are resulting in wide fluctuations from the average represented by that 13% gain above the corresponding period of last year recorded by the *Business Week* index.

A quick test can be run on department store sales, infallible barometer of the state of the consumer's pocketbook. For the country as a whole, they were 5% higher in April than for the same month a year ago. But, while the Boston

How the Recovery Map Looks by Federal Reserve Districts
(Percentage Changes in Significant Figures, 1933-1934)

Federal Reserve District	Department Store Sales		Automobile Registration	Bank Debits	Excess Reserves	Construction*			Carloadings†	
						Private	Public	Total	L.C.L.	Total
	Apr., 1934 from Apr., 1933	Jan.-Apr., 1934 from Jan.-Apr., 1933	Mar., 1934 from Mar., 1933	Apr., 1934 from Apr., 1933	Feb., 1934 from Feb., 1933	Mar.-Apr., 1934 from Mar.-Apr., 1933	Mar.-Apr., 1934 from Mar.-Apr., 1933	Mar.-Apr., 1934 from Mar.-Apr., 1933	Apr., 1934 from Apr., 1933	Apr., 1934 from Apr., 1933
Boston	0	+17	+112	+35	+ 58	+ 23	+281	+159	+5	+22
New York	0	+12	+ 66	+40	+ 86	— 67	+158	+ 1	+5	+22
Philadelphia	— 4	+15	+ 57	+41	+ 194	+ 12	+366	+181	—3	+27
Cleveland	+ 9	+35	+179	+36	+6,113	+ 23	+207	+128	+1	+24
Richmond	+ 3	+20	+115	+38	+ 146	+ 26	+138	+101	+2	+20
Atlanta	+28	+42	+225	+31	+ 426	+339	+527	+503	+3	+ 8
Chicago	+18	+32	+141	+49	+ 34	+316	+329	+323	+5	+22
St. Louis	+11	+27	+117	+27	+ 361	+797	+ 56	+ 93	+3	+ 6
Minneapolis	— 3	+16	+128	+16	+ 132	— 37	+588	+568	+5	+13
Kansas City	+13	+26	+186	+29	+ 155	+141	+250	+236	+5	+ 6
Dallas	+17	+36	+177	+30	+ 391	+ 74	+129	+100	+4	+ 3
San Francisco	+ 1	+18	+108	+25	+ 149	+ 17	+ 34	+ 30	+5	+ 8
National Average	+ 5	+22	+120	+38	+ 113	+ 15	+179	+108	+3	+15

*Estimated from *Engineering News-Record* data. †Estimated from American Railway Association data.

and New York Reserve districts showed no improvement, the Philadelphia district lagged 4% and the Minneapolis one 3% behind last year, there were gains of 28% by Atlanta, 18% by Chicago, 17% by Dallas, 13% by Kansas City, 11% by St. Louis. Differences for the 4-month period, Jan. 1–Apr. 30, are equally striking.

Plotting these differences on a sales map would reveal a better-than-average belt made up of the entire South and the states stretching west of the Alleghenies to include Colorado and Wyoming with the Minneapolis district—Minnesota, the Dakotas, and Montana—left in doubt by the fact that, while city sales have pulled down its average, country store sales have consistently reflected a better-than-average pickup.

Where Cars Sold Best

Registration of new cars, as an index of automobile sales, confirms this indication of a possible salient in the agricultural Middle West and South. Against a 120% national average increase for March, 1934, over March, 1933, Atlanta showed a 225% gain while the Cleveland, Chicago, Minneapolis, Kansas City, and Dallas districts went up by from 128% to 186%.

Similar differences are brought out by an examination of the construction totals included in the tables on page 14.

In two general classes of figures this picture is changed in favor of the East. Carloadings reflect that section's increase in coal shipments, the farmlands' slim livestock and grain shipments. Bank debits reveal big increases in the East and in the Chicago district, only medium ones in the agricultural states. Incidentally, the showing on the other series of financial figures included in the table—excess reserves—where Boston, New York, and Chicago are found lagging well behind the national average, requires the explanation that the 1933 banking act has tended to demobilize bank reserves in our larger cities, leaving the agricultural regions in the van.

Regional Drives Indicated

Practical conclusions to be drawn by sales strategists from figures like these are that the agricultural Middle West—particularly its sections outside the big cities—may offer the best prospect for pushing out a selling salient at this stage of the recovery. However, they will remember that this region was hit harder and longer by the depression than the East and that, while the comeback is faster, it starts from a lower level; also that allowance will have to be made for the drought that has now hit some parts of this region (page 7).

Perhaps the best conclusion to be drawn is that it will pay them right now to chart their strategy by regional studies of the economic situation rather than by the general picture which conceals so many variations from the average.

WE DIDN'T STOP *with*

...And we *got all five!* It was inevitable that thirty years' experience in making America's leading, quality white paint should enable us to meet these rigorous, self-imposed standards

NOT in only one, two . . . or even four . . . but in *all* the five features so vital to an all-round industrial paint, Barreled Sunlight—America's foremost white paint—has been vastly improved!

Yes . . . impossible as it seems . . . *each* of the five famous Barreled Sunlight qualities has actually been stepped up!

Barreled Sunlight, already so white . . . so powerful in its light-reflecting properties . . . has been made even *whiter*. And of still greater importance — it has been made even more *lastingly white* . . . it remains white, resists "yellowing" even longer than ever before! (See Surety below.)

Spreading Power and *Hiding Power*—have been further reconciled . . . *both* actually increased at the same time. And *Ease of Flow*, that quality so important to speedy, more economical application, has also been improved!

We, alone, through our thirty years of highly specialized experience in the manufacture of white paint — Barreled Sunlight — *exclusively*, have been able to improve every one of the five important white paint qualities . . . and to improve them *all* amazingly in *one* paint!

That was the goal we set . . . the goal we worked for continuously. Though it took years to reach it, we did!

And now, with pardonable pride, we introduce the Improved Barreled Sunlight . . . today's *only* white paint with *every* quality that makes for highest possible light reflection, lowest conceivable cost of application and maintenance upon the ceilings and walls of *your* plant.

Put This Paint to Your Own Tests

You simply cannot afford not to investigate this remarkably Improved Barreled Sunlight. Send for a sample can. Paint out a section of your plant wall. See for yourself the unapproached *new* whiteness of this paint. See how amazingly the tiny quantity of paint in that can spreads . . . how a single coat covers more thickly, *solidly* than you would ever believe possible!

Write today for your sample. Address U. S. Gutta Percha Paint Company, 1 - F Dudley Street, Providence, R. I. Branches or distributors in all principal cities. (For Pacific Coast, W. P. Fuller & Co.)

YOUR SURETY

We maintain that Interior Barreled Sunlight, the "Rice Process" White, will remain white longer than any oil-gloss paint or enamel, domestic or foreign, applied under the same normal service conditions and according to our specifications. If it does not do so, we will give, free, enough Barreled Sunlight to repaint the job.

The improved **BARRELED SUNLIGHT**

REG. U. S. PAT. OFF.

one improvement . .

It's now FAR WHITER!
—Still greater in light-reflecting power.

It remains WHITE EVEN LONGER!
—Danger of "yellowing" reduced still more.

It SPREADS STILL FARTHER!
—Even less paint for the job . . . less time and labor to apply it.

It "HIDES" EVEN BETTER!
—Often one coat covers where two of ordinary paints are necessary.

It FLOWS MUCH EASIER!
—A quicker job . . . still less expense for time and labor.

Codes at Work

Incidents and problems that arise in the activities of the codified industries.

THE bakers won. Their code was signed by the President within a week after the New York State Association of Manufacturing Bakers, representing upwards of 2,000 bakers, dramatically voted to return their Blue Eagles to Washington as a protest against NRA delays in granting it.

Officially the uprising against the Blue Eagle is not supposed to have influenced the approval that followed so speedily. The bakers think differently. They had signed P.R.A.'s, and increased their payrolls on the assumption that they would shortly get a code with trade practice provisions enabling them to get a fair price and stay in business. Instead, the Administration slapped a processing tax on wheat (30¢ per bushel) which, piled on top of the increased labor rates, pushed up costs and selling prices to a point where consumption of bakery products took a nose dive. Of 42 New England bakers with total sales of $1.5 millions, only 3 made a profit (totalling $249) on 15 weeks of pre-code operations; the remaining 39 showed losses ranging up to $168,000 for the period.

By applying the code's remedies for destructive trade practices, the bakers hope to cure all that.

The code for the canning industry finally has been approved by President Roosevelt, *sans* any Tugwellian clauses on quality standards and complicated labelling provisions. However, a special committee is to make recommendations of suitable provisions within 90 days and a report to the President on possible improvement of hour and wage provisions is to be made before Dec. 1. Canners are taking a long breath; they are now all set as far as the 1934 pack is concerned.

The lumber industry has opened fire on the report of the Clarence Darrow Review Board, and Dr. Wilson Compton, father of the lumber code (*#12:BW—Aug26'33*) and president of American Forest Products Industries, quotes a few figures to prove that measures called "oppressive" have benefited all except advocates of sweatshop wages and sweatshop price competition.

Since the code became effective, employment in the industry has increased 55% while output is only 30% greater. Increases in wage rates range from 50% to 500%, average nearly 100%, with total payrolls 120% higher. Dr. Compton spikes the twaddle about oppression of small enterprises by the statement that over 3,000 small sawmills have been established since last fall, while only one new large mill has started up. He reports that 98% of all producers favor the code, and that prices are 60% higher than before.

But among the dealers there is some dissatisfaction. These point out that to the producer's average price increase of 60% they must add the surcharges imposed under their code, a combination which results in consumer prices that discourage lumber buying and leave the door wide open for the seller of substitute materials. Some dealers predict that the present pricing setup in both the lumber manufacturers' and the dealers' codes will eventually be revised.

The pastime of squeezing extra hours out of workers has been further restricted by NRA rulings. Time spent at pep-talks or meetings called by the management outside of work hours must be paid for. Also employees must not be permitted to trade vacations for overtime.

Contrasting with most industries' efforts toward legalized price stabilization under NRA, the important rayon and silk dyeing and printing industry (*#172:BW—Jan13'34*), after 4 months of operation under a code, announces that the price control features are not enforceable and wants to chuck them overboard.

The problems of levying code assessments and financing code authorities are still giving the NRA plenty of trouble. At first, concerns coming under several codes were to pay on the basis of men employed in each activity. Then NRA issued an order on Mar. 26 which provided that "no employer shall be liable for assessment by more than one code authority," just like that, leaving to itself the decision as to which was the single code authority to collect. Trouble broke out on half a dozen fronts, and 3 days later, but under the same date as the original instruction, General Johnson sent out an order that "pending determination by NRA with respect to specific codes upon cause shown by a code authority" industry members were "exempted from any obligation to contribute to the expenses of any code authority other than the code . . . which embraces their principal line of business." This second order is interpreted by NRA officials to mean that if a secondary industry code authority kicks, it may get some of the money. It is the

NRA method of making broad rules and allowing exceptions when cause is shown, a practice which has been attacked again and again by industry groups and trade associations.

The Little Fellow

The small manufacturer isn't grateful to his champions, doesn't feel codes give him a bad break.

MESSRS. NYE, Borah, Darrow, and Russell have been making the welkin ring with their pleas for "the little fellow," ground down, crippled, and under death sentence from NRA. The National Industrial Conference Board set out to discover what the small manufacturer himself thought about it all. Apparently he is an ungrateful cuss; he doesn't think he is being oppressed and he is almost unanimous in the feeling that no special concessions should be given him.

That is the only point on which the opinion of the small manufacturers approaches unanimity, but on some other vital points, there is a strong preponderance of opinion.

For example, 84% of those who answered a questionnaire feel there is no discrimination against small establishments on the part of code authorities; though the larger manufacturers may dominate authorities, the small units feel the administration has been scrupulously fair. The remaining 16% believed the big business point of view predominated, to the small man's disadvantage.

Again, 77% do not believe that open price lists and other price controls in codes work to their disadvantage. This is interesting, because in the beginning, small manufacturers were popularly supposed to be the worst chiselers, against whom price control was aimed. Amusingly enough, many of the small manufacturers insisted the big establishments were the real price-cutters, against whom the small man was being protected now.

Some 71% do not find the shorter hours under codes put them at any disadvantage, and 84% find code wages set no handicap on small as against large manufacturers. The 16% that dissented to this are mostly neighborhood industries, built up to employ rural labor part of the year.

Finally, about half the respondents think codes are advantageous—34.4% unreservedly, 12.8% with reservations. Of the remaining 53%, 36% are opposed unreservedly, 6.4% are indifferent, and 10.4% have not yet made up their minds.

Half the factory employees of America work in factories employing 250 or fewer hands; such establishments are 98% of the total number of factories.

NIRA SCOREBOARD

Based on official texts of approved industry codes published up to June 1, 1934

(Continued from *Business Week*, June 2, 1934)

424. Spice Grinding Industry

By the Spice Grinders Section of the American Spice Trade Association. Code effective May 21, 1934. *Maximum Hours:* 40 a week. Specified exceptions and tolerances. Overtime at 1⅓ regular rates. *Minimum Wages:* Office workers, $14-$16 a week. Other employees; men, 40c. an hour; women, 32½c. an hour. In 13 Southern states, 5c. an hour less. Women get equal pay for equal work. Specifies method of wage adjustments. Prohibits reclassification. *Other Important Provisions:* Prescribes the open price plan. Prohibits allowances for advertising or special services excepting under specified conditions. Prohibits discrimination between buyers, unearned cash discounts, unearned quantity discounts, false advertising, false invoices, combination offers, bribery, sales below cost, secret rebates and allowances. If destructive price-cutting prevails, Code Authority to determine lowest reasonable cost of products involved, and thereafter no member may sell at less. Code Authority to prepare accounting and cost-finding system to be used by all members.

425. Manganese Industry

By American Manganese Producers Association. Code effective May 21, 1934. *Maximum Hours:* 40 a week. Specified tolerances and exceptions. Overtime at 1½ regular rates. *Minimum Wages:* Establishes 3 wage sections. Minimum for above-ground work, 30c.-40c. an hour; underground, 35c.-47½c. an hour. Office workers, $15 a week. Equitable adjustment of all wage rates. Women get equal pay for equal work. Reclassification prohibited. Only maintenance or supervisory men may be required to live in company or specified houses. Prohibits compulsory trading at specified stores. *Other Important Provisions:* Code Authority to gather industry statistics and reports through confidential agency. Code Authority to prepare for establishing classifications and standards for industry products. Provides for the open price plan without time-lag. Specifies items to be filed with price schedules. Lists as unfair trade practices secret rebates, special allowances, false invoices, other practices peculiar to the industry. Consignments subject to approval of Code Authority.

426. Paper Makers' Felt Industry

By Paper Makers Felt Association. Code effective May 21, 1934. *Maximum Hours:* 40 a week. Specified exceptions and tolerances. Overtime to be paid at 1⅓ regular rates. *Minimum Wages:* 35c. an hour. Wage differentials existing prior to Sept. 15, 1933, to be maintained. Women get equal pay for equal work. Prohibits reclassification and practice of the stretch-out system. *Other Important Provisions:* Code Authority to prepare accounting and cost-finding system. If destructive price-cutting prevails, Code Authority to determine lowest reasonable cost of products involved, and thereafter no member may sell at less. Prescribes the open-price plan. (Provision for 10-day time-lag stayed by NRA pending further orders.) Prohibits sales below published prices and below cost. Prohibits price guarantees, excessive guarantees of product, violation of specified terms of sale, etc.

427. Curled Hair Manufacturing Industry and Horse Hair Dressing Industry

Code effective May 28, 1934. *Maximum Hours:* 40 a week. Specified tolerances and exceptions. Overtime for emergency maintenance and repair work at 1½ regular rate. *Minimum Wages:* Men, 40c. an hour; women, 35c. an hour. Women get equal pay for equal work. Equitable adjustment of all pay schedules. Prohibits reclassification. *Other Important Provisions:* Prohibits misleading advertising, combination sales, blacklists, consignment sales except under rules established by Code Authority. Code Authority to prepare cost-finding method. Prescribes the open-price plan without time-lag.

428. Mechanical Packing Industry

By Mechanical Packing Association. Code effective May 24, 1934. *Maximum Hours:* 40 a week, with specified tolerances and exceptions. Overtime worked under specified conditions draws 1½ times regular rate. *Minimum Wages:* 40c. an hour. Women, for light non-skilled work, 35c. an hour. Office workers, $15 a week. Women get equal pay for equal work. Equitable adjustment of all wage rates. Prohibits reclassification and reductions in wage rates. *Other Important Provisions:* Code Authority to gather statistical information through specified impartial agency. Code Authority given right to establish label to be sold to Code members. Code Authority to establish classifications and standards of quality. Prohibits misleading advertising, false invoices, special guarantees, price guarantees, bribery, other practices peculiar to the industry. Consignments subject to approval of Code Authority.

429. Canned Salmon Industry

Code effective May 28, 1934. *Maximum Hours:* 40 a week, with numerous specified exceptions. *Minimum Wages:* In Alaska; with board and lodging, 25c. an hour; without, 35c. an hour. Elsewhere: men, 37½c. an hour; women, 32½c. an hour. Specified working conditions and monthly rates for various types of work. Equitable adjustment of all wage rates to maintain June 15, 1933, differentials. Reclassification and reduction of hourly or monthly rates prohibited. Code contains important and complicated labor provisions covering conditions peculiar to the industry. *Other Important Provisions:* Code describes and recognizes 5 separate production districts. Floating canneries governed by district in which largest part of pack is produced. Code Authority to prepare standard provisions for employment contract, recommend minimum rates of compensation for certain employees, to arrange for study of classifications and standards of dimensions, qualities and labelling. Provides for the open-price plan without time lag. Unfair trade practice provisions cover marketing practices, price guarantees, terms of sale, marking, labeling, advertising. Specifies specie names to be used on labels, etc.

Code Hearings

June 11—Cotton Textile. Coat Front Manufacturing.

June 12—Motion Picture. Industrial Alcohol. River and Harbor Improvement. Portable Lamp and Shade.

June 13—Robe and Allied Products. Seed Trade. Marble Quarrying and Finishing.

June 14—Rubber Manufacturing (Automobile Fabrics, Proofing and Backing Division). Land Development and Home Building. Farm Equipment. Umbrella Manufacturing. Steel Casting. Textile Print Roller Engraving.

June 15—Men's Clothing. Cotton Garment. Dress Manufacturing. Lumber and Timber Products. Industrial Supplies and Machinery Distributing Trade. Insulation Board.

430. Package Medicine Industry

By a Code Committee representing the industry. Code effective May 28, 1934. *Maximum Hours:* 40 a week. Specified tolerances and exceptions. Overtime under specified conditions at 1⅓ regular rate. *Minimum Wages:* In 11 Southern states, 32½c. an hour; elsewhere, 35c. an hour. Women get equal pay for equal work. Prohibits reduction of weekly rates below June 16, 1933, level. Prohibits reclassification. *Other Important Provisions:* Prohibits homework. Provides for uniform accounting and reporting system. Provides for the open-price plan without time-lag. Compensation paid to primary distributors to be uniform. Prohibits inaccurate advertising, bribery, repacking of products, secret rebates, special discounts, etc.

431. Toll Bridge Industry

By American Toll Bridge Association. Code effective May 28, 1934. *Maximum Hours:* Operating employees, 48 hours a week; maintenance, clerical and other workers, 40 hours a week. Certain specified exceptions. *Minimum Wages:* Operating and maintenance: North, 35c. an hour; South, 28c. an hour. Office workers, $15 a week. Bridges employing no more than 2 persons exempt. Equitable adjustment of all wage rates. Women get equal pay for equal work. Reclassification and reduction of hourly rates prohibited. *Other Important Provisions:* Industry reports to be collected through impartial agency. Prohibits free passes, with certain specified exceptions.

432. Specialty Accounting Supply Manufacturing Industry

By Specialty Accounting Supply Manufacturers Association. Code effective May 27, 1934. *Maximum Hours:* 40 a week. Certain specified tolerances and exceptions. Where specified, overtime draws 1½ regular rate. *Minimum Wages:* 40c. an hour. Office workers, $15 a week. Women get equal pay for equal work. Equitable adjustment of all pay schedules. Reclassification and reduction of hourly rates prohibited. *Other Important Provisions:* Industry reports and statistics to be collected through confidential agency. Code Authority to recommend plans for "control of production through voluntary agreement." Code Authority to prepare accounting and cost-finding system to be used by all members. Provides for the open price plan. Provisions for 10-day time-lag stayed by NRA pending further orders. Lists among unfair trade practices violation of filed price schedules, selling below cost, rebates, freight pre-payment, bribery, etc.

433. Cotton Pickery Industry

By National Cotton Pickeries Association. Code effective May 28, 1934. *Maximum Hours:* 40 a week. Certain specified exceptions. Overtime draws 1⅓ regular rates. *Minimum Wages:* Men, 25c. an hour; women, 18c. an hour. Office workers, $16 a week. Watchmen, $15 a week. Women get equal pay for equal work. Equitable adjustment of all pay schedules to maintain July 15, 1929, differentials. Reclassification and reduction of hourly rates prohibited. *Other Important Provisions:* Specifies manner of marking bales of cotton.

434. River and Harbor Improvement Industry

By River and Harbor Improvement Association of the United States. Code effective June 17, 1934. *Maximum Hours:* 40 a week, with tolerances and exceptions under specified conditions. *Minimum Wages:* 40c. an hour. Office workers, $14-$15 a week. Special provisions covering allowances for living quarters and subsistence. Adjustment of all wage schedules, observing pre-code differentials. Reclassification prohibited. *Other Important Provisions:* Labor provisions cover special conditions peculiar to the industry. For administrative purposes recognizes 7 geographic divisions established by U. S. Army, with divisional Code Authorities for each. Provides for a National Industrial Relations Board. Lists among unfair trade practices secret rebates, bribery, other than written bids, bid peddling, etc.

435. Shower Door Industry

By National Shower Door Manufacturers Association. Code effective May 29, 1934. *Maximum Hours:* 40 a week. Certain specified exceptions. Overtime at 1½ regular rate. *Minimum Wages:* 45c. an hour. Office workers, $16 a week. Special provisions for helpers. Equitable adjustment of all wage rates. Reclassification and reduction of hourly rates prohibited. *Other Important Provisions:* Code Authority to prepare accounting and cost-finding system to be used by all members. Special Secretary to collect industry information. Lists among unfair trade practices selling below cost, violation of specified terms of sale, price guarantees, rebates, inaccurate advertising, etc. If destructive price-cutting prevails, Code Authority to determine lowest reasonable cost of products involved, and thereafter no member may sell at less.

436. Fur Manufacturing Industry

By 4 industry associations. Code effective May 28, 1934. *Maximum Hours:* 35 a week. Office workers and shipping crews, 40 hours a week. No overtime permitted except by permission of Code Authority at 1½ times regular rate. *Minimum Wages:* Basic minimum, 40c. an hour. Code designates 5 production areas and specifies minimum weekly rates for important operations. Recognizes 2 classes of work drawing different rates of pay. Specifies method of wage adjustments. Prohibits reclassification and "inside contracting." Code Authority to issue rules covering "outside contracting." *Other Important Provisions:* Prohibits homework by employees. Code Authority to prepare accounting and cost-finding system for use by all members. Code Authority to attempt to regulate and control style piracy. Provides for industrial relations committee. Prescribes use of NRA label on industry products. Lists among unfair trade practices misleading advertising, secret rebates, advertising allowances of any kind, bribery, and numerous other practices peculiar to the industry. Code provisions covering terms of sale and commissions to resident buyers stayed by NRA pending further study. Prohibits consignments excepting specific articles sent on approval.

Tupelo Results

Show of TVA appliances in Mississippi town supports claim that cheaper EHFA models will boost sales of competing items.

THE anxiously-awaited test at Tupelo, Miss., of the TVA's electrical appliance campaign appears to have vindicated the Authority's prediction that introduction of its low-priced items, backed by lower power rates, would greatly stimulate sales in all categories (*BW—May19'34*). Tupelo was chosen by TVA's Electric Home and Farm Authority for the first showing of refrigerators, ranges, water heaters bearing the arm-and-thunderbolt emblem. Other equipment was on display and sold readily along with the special models.

How It Was Done

EHFA officials accomplished the difficult feat of boosting the general idea of greater home use of electricity without unduly stressing appliances it sponsors. Buyers were not urged to invest in these if they could afford larger, more elaborate, and more costly equipment. Some dealers reported as high as 50% sales in standard units competing with TVA models. The local General Electric dealer had not been supplied with EHFA samples but reported healthy sales in regular lines.

"I do not think that Tupelo's appliance sales record has ever been equaled anywhere," exults David E. Lilienthal, president of EHFA.

Retailers and manufacturers will soon be busy analyzing results of the drive to guide future prices and sales effort. During the first 17 days of the campaign, 4 dealers sold 137 refrigerators, 36 ranges. Water heaters, being unfamiliar items, did not fare very well. Estimated sales of the 4 dealers for the period ending with the show was $35,000. Curiously, the 17-day sale of ranges exactly doubled the number in Tupelo homes. A survey disclosed that of the original 36 only 2 were in actual use before TVA entered the field—a condition that greater operating economy and lower cost of current is expected to overcome.

Attendance High

In addition to actual sales, the Tupelo show produced valuable by-products. There were 7,289 visitors. This is greater than the population of Tupelo (about 6,300) and close to the population of the town with its environs (less than 9,000). Inevitably, some visitors were casual kids and idlers with little to spend except time, but quick prospects can be segregated from deadhead lookers by registration figures. During the first 3 days, 940 visitors filled out cards with detailed questions. Later, registration had to be abandoned because facilities were swamped.

In deference to the rights of competing manufacturers, the EHFA conducted its show with circumspection. No direct selling was permitted on the show floor. Prospects were referred to stores. Brand exploitation was limited to dealers' and manufacturers' names in dignified type above the booths. TVA models were given feature placing, but non-emblem models were displayed in the same booths. The "Home Institute" gave demonstrations in the intelligent use of electricity. TVA exhibits dramatized modern power appliances by comparing them with old-fashioned equipment. A flood-lighted sign on the front of the building bore the Authority's war cry, "Electricity for All." The location is being retained by the EHFA as a headquarters from which it can direct its future sales and educational activities.

Power Sales Watched

Meanwhile, the effect of lowered rates and appliance selling on power use is being watched. Average domestic consumption in Tupelo increased 35% during February and March over those months last year. Commercial consumption rose 23%. Industrial figures are not yet available. Mayor J. P. Nanney of Tupelo announced that the municipal distributing system collected $100 more and paid $600 less for current in March and April than in the same months last year when the supplier was a private utility company. Independent critics point out that this comparison is not accurate because last year's figure did not include the industrial load while this year's figure does.

The TVA insisted that Tupelo create a sinking fund to retire bonds, provide for extensions and other contingencies. For this purpose, 10% surcharge is placed on commercial and industrial bills. Prospective increase in domestic use is expected to eliminate this charge by May, 1936. In a speech to representative citizens Mr. Lilienthal urged them to watch the publicly-owned distribution system and make sure that it adhered to good business practice. The contract by which Tupelo buys TVA power attempts to guard against political mismanagement.

Mr. Lilienthal says that TVA activities must pay their way in the world. So far, results of the Tupelo experiment give reason to believe that the ideal will be realized.

Quaker Meeting

Edison Electric Institute's "shushed" session contrasts oddly with the splurge the old National Electric Light Association used to make.

ELECTRIC power men held their national convention in Atlantic City this week. It was the second annual meeting of the new Edison Electric Institute and in dramatic contrast with the great conventions of the National Electric Light Association of a few years ago.

Then 8 to 10 thousand electrical men gathered in the Auditorium and were addressed by the leading public utility executives, economists, cabinet members, and sometimes the President of the United States. There was a monster exhibition of electrical apparatus and equipment and Atlantic City was all agog for a week. Press bureaus worked overtime and newspapers carried front page stories of the greatness of the industry and its service to the people.

Just Shop Talk

But this time, some 700 electric light and power company officials gathered at the Hotel Traymore for a 2-day program from which all controversial subjects had been barred at the last moment. Addresses were restricted to details of engineering, operation, and sales and a few general topics. It was a reflection of the present jittery state of mind of the industry leaders, produced by the past several years of political pressure for lower rates and bigger taxation and the spread of criticism of the holding companies.

Holding-company men dominate the industry association and have adopted a policy of silence that is becoming steadily more irksome to the officials of local operating companies who know that their rates are lower and service better than at any time in their history. They see their business steadily building up from the low point of the depression and believe that the use of electricity is more popular today than ever before. They want to stop being afraid and to bring their problems out into the open and find their answers in rapidly developing a greater market.

This was the background of the convention.

Asks Greater Promotion

George E. Witwell of Philadelphia, who heads the sales division of the institute, urged a much larger scale of expenditure for promotion, that the growth of load may be materially accelerated. T. K. Quinn, vice-president of General Electric, advocated a more aggressive policy of instalment selling with longer-term contracts. Charles Q. Collier, of Atlanta, chairman of the utility committee now cooperating with TVA, prophesied that the industry will benefit from the stimulus of this experience. Philip Sporn, of American Gas & Electric, showed that there is still much progress to come from engineering development that will cut costs. This is the spirit of the operating men who are straining at the leash.

President George B. Cortelyou struck out at the political persecution of the power companies and declared that the industry "must go to the country with its case, openly, fully, and fairly" and the record of "its 50 years of progress for American business and American life" would receive the support of the people who are today "bewildered by irresponsible clamor and misled by false and deceiving propaganda."

But the younger executives are more in the mood to battle for business in the market place. And that is a good sign.

Lamp Progress

Latest mercury-vapor bulbs indicate incandescents may have a foe to combat.

A PROSPECTIVE strong competitor of the incandescent lamp is arising with the development beyond the laboratory stage of high pressure mercury-vapor lamps whose efficiency is from 2 to $2\frac{1}{2}$ times greater than that of the best incandescents. The new Ford exhibit at the World's Fair has several hundred Westinghouse mercury lamps which are used in the same units in connection with tungsten bulbs. The excess red and yellow color in the latter overcomes the deficiency in the bluish-white glow of the mercury lamps, and the result is a lighting effect almost the same as daylight.

In New York the Spanner Vapor Lamp Co. has produced a mercury-vapor lamp which it is giving practical tests in four different locations, three of them in the street and one in a lobby of the Municipal Building. While a good tungsten lamp will give as much as 20 lumens (light units) per watt, the latest high pressure (roughly atmospheric density) mercury lamps give from 35 to 50 lumens. A drawback of the mercury lamp still to be overcome, however, is the fact that it lacks the prompt lighting up of the filament lamp, takes as high as 15 minutes before it reaches its full lighting force. Also it requires a special transformer or reactance as a starting auxiliary.

Wide Reading

STATISTICAL SURVEY OF INDUSTRY. *Economic Review of the Soviet Union,* May. Output of outstanding Soviet industries in 1928, 1932, 1933, and what is planned for 1937.

PRESENT STATUS OF THE SOVIET IRON AND STEEL INDUSTRY. M. N. Jurin. *Iron Age,* May 10. What the Soviets planned in both the first and second 5-Year Plans, and what they have accomplished. Details of some of the larger projects in the second 5-Year Plan.

COLLEGE GRADUATES DO READ—SOME! Sanford Cobb. *Publishers' Weekly,* May 26. Survey of recent class from Yale shows reading the major leisure activity. An article for publishers, for advertising men, and for merchandisers who try to know the tastes and habits of their public.

TAXATION IN AMERICA AND ENGLAND. Harold M. Groves. *American Mercury,* June. The tax machines of the two countries, compared, show the British to be far harder worked. Comparative tax tables.

PERSONNEL ASPECTS OF THE TENNESSEE VALLEY AUTHORITY. L. J. O'Rourke. *Personnel,* May. The United States starts its first big project in "designed and planned social and economic order." How workers are chosen for this great project.

TVA AND THE INVESTOR. David E. Lilienthal. *Electrical World,* May 26. Does the TVA threaten the investor in private utilities? Director of the big project makes a positive and outstanding statement that it does not. He makes charges of bad management against private utilities and declares federal action was forced by utility abuses.

FIELD REQUIREMENTS OF GARDEN TRACTORS. A. A. Stone. *Farm Implement News,* May 10. Results of a survey of users of power tractors—large and small—for gardeners. Of value to manufacturer and distributor of such equipment.

WHAT IS LEFT OF THE DRUG BUSINESS? Oscar Lerner. *Nation,* May 23. In 1930, total annual sales of 60,000 drugstores in the U. S. were $1.65 billions, of which less than 40% was spent on drugs and medicines, and a bare $140 millions on prescriptions. Problems of the retail druggist.

ENGLISH CONFECTIONERS MAINTAIN THAT STRICT STANDARDS LIMIT INVENTION. *Confectioners' Journal,* May. Contemplated changes in the British Food and Drugs Adulteration Act have put before English candy manufacturers the sort of problems that confront Americans in the proposed change in the Federal Food and Drugs Act.

BOOKS

PEOPLE AT WORK. Frances Perkins. John Day. 287 pp., $2.50. The Secretary of Labor surveys the field of American labor, discusses recent and pending legislation, makes a plea for "cooperation." Not a detailed discussion of the labor features of the recovery program, but an interesting study of labor problems.

FAITH, FEAR, AND FORTUNES. Daniel Starch. Richard Smith, 226 pp., $2. Analysis of the psychology which causes depressions, with seven suggestions for controlling trends.

Business Abroad

Weakness of British pound blamed on threatening financial situation in Germany. Gold bloc worried. Recovery temporarily halted in Britain. Ottawa government will absorb devaluation profits. Washington announces "outside" sugar quotas. Japan pushes sales in Africa.

Europe

EUROPEAN NEWS BUREAU (*Cable*)—Every financial capital in Europe watched the pronounced weakness of the British pound this week and speculated on what caused it and what it would mean in terms of the future.

General feeling is that Germany is going soon into a complete default on foreign debt service, profoundly affecting Britain financially as the first default in 1931 did. Second thought is that the German mark probably will not much longer make any pretense at clinging to gold. This may force Britain to devalue the pound further in order to hold her trade advantage in world markets. The sterling bloc of nations would follow. Contributing also to the bear pressure, but much less significant, are the concerted moves in all the gold bloc countries to meet export competition by severe deflation, and the realization that Britain's steady economic recovery of many months has suddenly gone stale. There is no serious recession yet, but the advance very definitely has halted.

France

Gold bloc fears mark collapse will force new sterling devaluation as export trade defense measure.

PARIS (*Wireless*)—Executive Paris focussed its attention this week on three events:

(1) The British decision to follow the French stand on payment of war debts (favorable factor).

(2) The sparring match at Geneva between the French and British delegates at the disarmament conference at which the French delegate claims he received a below-the-beltline punch from the British representative (unfavorable).

(3) The rapid but not unexpected break in sterling and mark exchanges (unfavorable).

Britain's decision was a boon to France. The position of the country's coalition emergency cabinet is precarious at best. Recently its life has been jeopardized by the reported threat that Herriot and his followers in the cabinet would resign unless the French made at least a token payment on their debt to Washington on June 15. This would have precipitated a cabinet crisis when the government can ill afford it. Britain's move made any consideration of payment by France ridiculous, and the position of the cabinet is strengthened.

The break in the mark early in the week, and the simultaneous drop of the British pound to a record low in relation to the franc, disturbed business. While there were no direct repercussions on the franc this week, and though sterling recovered later in the week, exchange dealers feel that any appreciable devaluation of the mark—now generally expected in Europe—will inevitably entail further lowering of the pound and the currencies linked to it. A lower pound would react on the currencies in the gold bloc, might even force them to abandon their long-fought stand or at least to resort to some sort of hyper-managed currency manipulation. Every move by the British Exchange Equalization Fund will be watched.

Gentle rains fell practically throughout France this week, and removed the last hope that drought would produce a short wheat crop. At the same time, it was reported in Paris that the government and farmers are "working off" last year's surplus. Exports are now going to both England and Denmark at 28 francs a quintal f.o.b. French ports, exporters receiving a bounty of 80 francs a quintal from the government in the form of export certificates. Even with this large premium, they are receiving less for their wheat than the present legal minimum rate of 130 francs promised by the government when it was attempting to make France self-sufficient in production of this staple and at the same time aid the farmer.

Germany

Mark weakens, devaluation generally anticipated. Country's economic position critical as import restrictions are tightened, exports drop, crop estimates shrink.

BERLIN (*Wireless*)—A crisis of major proportions is approaching in Germany. When it breaks, all Europe will be affected. Already, uncertainties connected with it have unsettled business and the foreign exchanges.

Several developments account for growing pessimism. Germans not only failed to extract any export trade concessions from creditors at the Berlin conference, but they were confronted with the prospect of having at least enough of their favorable trade balances in Holland and Switzerland conscripted to meet in full debt charges in those two countries. In the face of this enforced discrimination, Britain and France threaten similar moves.

Only a little less annoying to industry is the continued and increasing control over raw materials imports. The government is endeavoring to hold imports below exports. But exports are dwindling due to the effectiveness of the boycott abroad, while imports are tending to expand because of the demand for raw materials by industries which are steadily expanding on domestic demand. The government, striving to balance all legitimate demands of industry against any speculative or "fright" buying, now demands "urgency certificates" on imported raw materials.

Another crisis factor is the weakening of the technical foreign exchange position. On May 31, gold reserve at the Reichsbank had dropped to 3.7% cover for the country's currency (against the old theoretical minimum of 40%, or the new concept of a 25% minimum). At the same time, April foreign trade (latest data available) showed a new record excess of imports over exports.

Crop Failure

Finally, there are evidences of a crop failure in the coming season, tremendously important in view of Nazi policy to make Germany more nearly self-sufficient even than in the War years.

Against these overshadowing facts, continued moderate industrial gains carried small weight. Germans are aware that a crisis confronts them. While the government still refuses to admit any plans either to devalue the mark or to deflate, the economic position is becoming untenable. The mark, now only artificially on gold, will soon be forced to abandon even this position.

With a moratorium on the long-term debt already virtually in effect, but with important creditors probably conscripting payment, Berlin will be unable to meet transfers on the Dawes and Young loans on July 1. Short-term transfers, tied up though they are with current export business, may not escape. And if Germany thus goes into complete default, one of the two main reasons for trying to cling to the gold standard will be removed. Only the bitter public reaction to devaluation (after the experience of 1924) remains, and changing world conditions will have altered this.

Great Britain

Business recovery suspended. Definite dread of war, and of further currency disintegration.

LONDON (*Cable*)—A new wave of pessimism is developing chiefly because of war fears and the necessity of heavy expenditures for rearmaments. Retail sales in May dropped for the first time since September. Provincial bank clearings are lower. Stock markets are palpably uneasy. The country approves the government contention that to pay war debts would precipitate Europe into economic chaos, and Britain is unwilling to pay without collecting from her own debtors. But she does not regard her refusal to pay as a default.

Despite efforts of the Exchange

Equalization Fund to control fluctuations, sterling has weakened to the lowest level against francs, and it has touched the lowest rate against the dollar since the inauguration of the Roosevelt administration and the New Deal. This is believed to be due to previous undervaluation of the dollar, but political factors also are potent. Fears of devaluation of the mark are stronger now, and this threatens such widespread and extensive currency disintegration that Britain is prepared to cooperate with Roosevelt in convening immediately a world conference, but is unlikely to agree to an admixture of silver and gold as a new base.

Business Lull

The *Economist* index of business activity—incorporating all trade indicators —stood at 109.1 for April after touching 109.5 in March, and 109.0 in February. In addition to stationary rail returns, this is regarded as confirmation of the suspicion, based on the last overseas trade figures, that business recovery has temporarily halted. Any further currency upsets which would reduce Britain's export trade would be fatal to current recovery hopes.

Rubber optimism is waning. Sir Cecil Clementi, Governor of the Straits Settlement and High Commissioner of the Malay States, declares that inability to control native production probably will abort the new regulations. Meanwhile, the price of the commodity has reacted, shares are uncertain, and the tendency in both is downward.

As in the United States, parts of Britain are suffering from an intense drought. But in Britain it was foreseen that there would be a water shortage because of the long dry summer last year. Right now the government is suffering the odium of the general public for its lack of preparation to handle the increasingly serious situation.

Canada

Banks resent demand of government to sell gold at $20.67. More evidences of gains from Ottawa trade accords.

OTTAWA—Representatives of the chartered banks have been here protesting before the Commons Banking Committee against the provision of the new Central Bank Act compelling them to turn over to the Central Bank their gold holdings at the statutory price of $20.67 an ounce. The banks claim they are entitled to the market value of approximately $35. In rejoinder, the Minister of Finance submits that the banks are not entitled to the market premium. He argues that the banks were protected by the action of the government in 1931 in prohibiting exported gold and stopping redemption of Dominion notes in specie, without which action the gold reserves of the banks would have been obliterated. He argues further that the public and not the banks suffered from the suspension of redemption of Dominion notes in gold through the depreciation of Canadian currency abroad and that, therefore, the public is entitled to the benefit of the subsequent rise in the market value of gold.

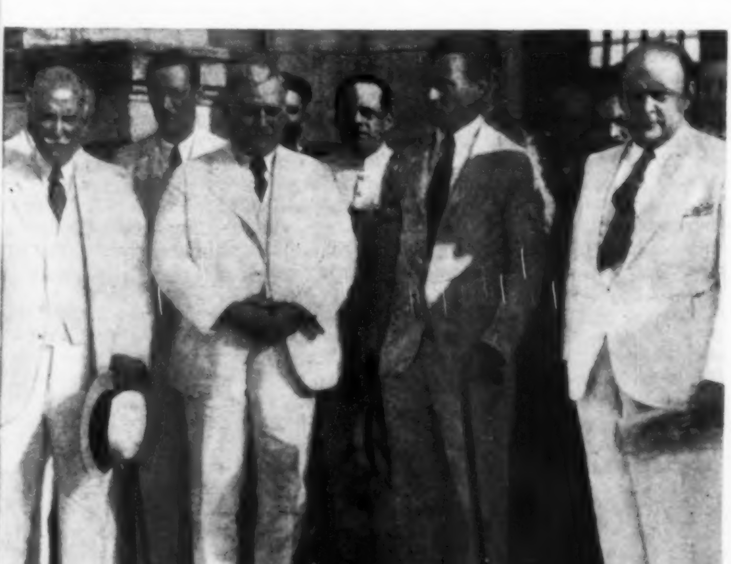
The Central Bank Act provides for the transfer of gold held by the chartered banks in connection with their domestic business. Gold held by them against outside business is not to be transferred. Of the gold reserves of the banks, about $40 millions are held against domestic business and $11 millions against outside liabilities.

On May 1, 140,000 more persons were employed in Canada than on the same date last year. Improvement was mainly in manufacturing, transportation, mining, building, railway construction, and the wholesale trade. Employment fell off in retail trade, highway construction, and logging. Toronto reports an increase of 500% in men returned to work in the last 7 months over the previous corresponding period.

More Empire Business

Evidence increases that Britain is interested in continuing and extending Empire trade by means of reciprocal tariff arrangements rather than in scrapping or curtailing the arrangements. Walter Elliot, British Minister of Agriculture, has been at pains to deny emphatically that any suggestion has been made to the Dominions that they curtail dairy exports to the Old Country and more embracing statements have been made in other quarters. Before the Stevens price-spread committee, Canadian packers have been giving credit to the Ottawa pacts for increased hog and bacon prices in Canada. One packer stated that while hogs were selling at Chicago at 3½¢, Montreal was offering 9¼¢, and this was due to Canada's access to the British market.

Canadian druggists are gunning before the Stevens' price-spreads committee for the chain and cutrate drugstores whose business practices they claim are unethical and unfair and injurious to community interests. The Canadian Pharmaceutical Association was before the committee this week with a proposal that a governmental board be established to control business practices as the Dominion Board of Railway Commissioners exercises control over public service enterprises.



Acme

CUBA SWIMS ALONE—The signing of the U.S.-Cuban treaty assuring the island's complete independence was favorably regarded in the Senate, caused demonstrations of gratitude in Cuba. Jefferson Caffery (right, center) congratulates Cuba's President Mendieta (with hands folded).

Far East

Japan faces tax increases; adds fast freighters to New York run; increases scrap iron purchases abroad; places beer and coal prices under government control.

A FEW weeks ago, revelations of irregular dealings between government officials and favored friends created a stir in Japan which unsettled business, caused the yen exchange rate to weaken, and made it seem almost certain that there would be a change of government.

All of the uncertainty has not been removed, for investigation has not been reassuring. But no new leader has been found to undertake the formation of a new government. Tokyo believes now that the cabinet will stand.

Stocks have reacted slightly under the uncertainty, but bonds have remained firm. Commodities were up this week, with the notable exception of raw silk.

Continued heavy government expenditures and the gradual saturation of the market for domestic bonds have revived talk of tax increases in the coming year. Finance Minister Takahashi has already announced his intention of transferring about ¥20 millions of railway profits into the general treasury and of increasing postal rates. Recent evidences of continued industrial gains and the undeniable fact that there is a limit to the capacity of the Bank of Japan to absorb new loan issues are probably responsible for rumors from the Finance Department that the Minister is now considering tax increases for next year.

Evidence of the superfluity of funds accumulated in banks in Japan came with the announcement by "B" class ordinary banks in Tokyo and Osaka that they will lower their interest rates on deposits in June from 4.2% to 4%.

After African Orders

Foreign trade is still a matter of major attention. No reports have yet been received from the trade conference at Batavia with Dutch officials. The return during the week of a group of merchants from a tour of Africa with glowing reports of market possibilities among the peoples who, because of low purchasing power, seek inexpensive Japanese goods in place of European products stirred some optimism. These merchants displayed thousands of samples of Japanese hosiery, rubber shoes and boots, bicycles, clocks and watches, phonographs, china and porcelain. Stiffest competition for this market is expected from Germany, Italy, and Czechoslovakia. Articles which Japan might purchase to build up a healthy reciprocal trade include cocoanut oil, peanuts, furs, and scrap iron.

Further to speed up trade with New York, Japan's famed Nippon Yusen Kaisha line is adding 6 fast freight vessels to its New York service, all of the new ships to be on the run by March, 1935. Another service with the West Indies may be established later this year to supplement Japan's aggressive efforts to capture more Latin American trade.

Reported during the week were first quarter imports of scrap iron, which totaled 302,000 tons, a jump of 163,000 tons over the corresponding period last year. The increase resulted from a heavy demand for iron and steel in Japan for the munitions industry.

Japan Regulates Prices

Beer and coal are the next two great industrial products whose price is to come under government control, according to an announcement from the Ministry of Commerce and Industry. Brewery concerns have already abolished their rebate systems. Coal interests are accused of ignoring the good of the consumer and of maintaining prices at unjustified levels through action by a small group with monopoly control.

Trade reports from China are less favorable. A steadily increasing unfavorable balance of trade is now becoming a serious matter. Imports during the first 4 months of 1934 exceeded $124 millions, while exports were only slightly over $54 millions.

Of interest to the United States because of the trade war already under way among foreign nations in the China market are the data on the share of the imports supplied by various competitors. The United States furnished 29% of the imports in this period; Great Britain, 10½%; Japan, 9.7%; Germany, 8.2%; Dutch East Indies, 7.2%; and India 4.8%.

Sugar Plan

(All in short tons)

Source	Sold to U. S. 1925	Sold to U. S. 1933	Quotas to Be Admitted Under AAA Plan	Estimated Production 1933-34 Crop†
Hawaii	755,159	1,040,355	917,000	1,029,000
Puerto Rico	600,412	779,831	803,000	981,000
Philippine Islands	492,776	1,234,639	1,015,000	1,456,000
Cuba	3,923,096	1,624,103	1,902,000	2,593,300‡
Virgin Islands	6,145*	4,508	5,000	7,800

*(1926).

†Lamborn & Co.

‡Of this quantity which has been fixed by Cuban decree, 1,680,000 short tons, raw value, have been allocated for the U. S. market, 168,000 tons for local consumption in Cuba, and 745,300 tons earmarked for countries other than the United States. It is to be noted, however, that according to the Cuban Export Corp., there was on hand in Cuba on Jan. 1, 1934, 1,165,157 tons of sugar, of which 566,590 tons were segregated under the Chadbourne Plan, and 598,567 tons were "free" sugars.

A PLANNED INDUSTRY—Washington has allotted the domestic market for sugar to the home industry and various outside producers. The table shows how outsiders fared in relation to their former share of the market; includes early estimates of the current crop.

Latin America

Sugar quotas announced for Cuba and Puerto Rico. Cuba raises transfer barrier on all but strictly business transfers. Chile has building boom.

WASHINGTON's final announcement of the sugar quotas, important as it is to Cubans, failed to attract as much interest as the government's new decree forbidding the withdrawal of funds from the island, the new decision of the government to maintain the military dictatorship for another 90 days, and the announcement that the obnoxious Platt Amendment (which officially gave the United States the power to intervene in Cuban affairs) is withdrawn.

The Mendieta government obviously is not firmly entrenched. Business is still hampered by the uncertain political future. But the action by President Roosevelt has cheered even the sternest opponents of the present government. It is no doubt a move in the right direction if Cuban friendship is to be courted seriously. It must be followed, however, by further evidence of a sincere desire to let the island govern itself.

The prohibition on the export of funds is still causing some trouble. Obviously intended to put a stop to the gradual drain of funds from the island, it has so far caused trouble because of the unwillingness of the clearing-house banks in Cuba to transmit any funds abroad until the new decree is fully interpreted. The treasury has already declared that it has no intention of stopping the payment of normal business obligations abroad, but only of preventing the withdrawal of deposits for shipment abroad.

Though Cuba's quota for export of sugar to the United States is much smaller than is necessary for quick economic rehabilitation of the island, the fact that it is definite until 1936 is a bull point. Real advantages in the quotas obviously went to Puerto Rico and other colonial suppliers (see table). Real catch in the plan just announced by Washington, at least for those who would like to look forward to a long period of stability in the business, is the fact that the Philippines are due to be freed from United States control in 10 years. This will immediately remove Philippine sugars from the duty-free list, and since they make up nearly 16% of present consumption this is bound to cause further drastic adjustments. There are some in the trade who anticipate that Philippine sugar will be admitted under a preferential rate similar to the Cuban rate long before the 10-year period expires. There are others who foresee Philippine sugar reduced to the status of all other "full duty" imports, and the important Philippine quota divided ultimately among the remaining producers.

Much Building in Mexico

Business and industry continue their favorable trend in Mexico. Construction activity is pronounced, causing the iron and steel industry to work at capacity. Mining and smelting activity is reviving, though more slowly. The shoe and textile industries are active.

Considerable optimism is developing as Chile evidences new willingness and ability to take up defaulted or extended debt obligations. Agreements have just been concluded with British and French short-term creditors.

Also noted in Chile is the continuation of the building boom. Santiago attracted attention this week with the announcement that an 18-story apartment will be built in the city, giving it the tallest skyscraper on the West Coast south of California. Small apartments are actively in demand, though the boom in suburban building continues.

Toward Default

Britain's refusal to meet June payment on war debt, and probable further default of Germany, force attention to foreign trade balances.

The future of America's foreign credits made sorry reading this week. Apparently the depression-born and highly artificial schemes to maintain the credit structure are going to work only a little longer. While the gloomy facts, when fully revealed, will cause certain repercussions on business, they no longer will cause the chaos which was feared in 1931 as the first serious signs of breakdown became evident.

Two important credits appear about to go into complete default. The first, and larger, is the war debt owed mainly by the Allied nations. Though Finland may continue to pay, the move by Britain to join previous defaulters—including France, Belgium, Poland, Estonia, Yugoslavia, and Hungary—make the outlook bad for payment on anything but a greatly modified basis.

Germany in Tight Place

The second major default rather generally expected is in Germany. When creditors (including importantly Britain, Holland, and Switzerland besides the United States) broke up their long and acrimonious negotiations in Berlin last week, the terms on which Germany had agreed to continue partial payments on her long-term commercial debts were so unsatisfactory to the majority of the creditors that it was expected in some quarters that the whole wrangle would result eventually in an inclusive default.

In the case of the war debts, the facts are pretty generally known. After the readjustment of the various war debts in 1926, there was owed to the United States, payable in instalments over 62 years, a little more than \$11½ billions. Interest over this period added another \$10½ billions, making the total due slightly more than \$22 billions.

Up to the time of the first defaults in 1932, about \$715 millions had been repaid on the principal, and slightly more than \$1.8 billions in interest. Total remittances to the United States to date exceed \$2¾ billions.

Britain, in notifying the United States this week of her intention not to meet the June payment, asserted her move was justified because payment would unsettle foreign exchange and thus retard trade recovery, because her own creditors on war debt account had not been able to meet their obligations and other war debtors were not paying, and because public opinion would no longer tolerate payment on the old basis.

No mention was made of the Johnson Act which makes it illegal to distribute in this country the securities of a nation in default to our government. The Attorney-General even declared last month that no prosecution would be undertaken against "token" payers unless the Administration attitude changed.

The possible German default is a more complicated matter. In session, the creditors refused to take up the question of the Dawes and Young loans which they declared were a matter for government representatives to handle while they had the power to deal with commercial obligations only.

On the strictly commercial debts, Germany made 3 alternative offers: (1) payment of 40% "or more if possible" in cash transfers of the amounts due (from July 1, 1934 to June 30, 1935) to foreigners in service (in contrast to the 67% which has been paid under the agreement about to end); (2) or, payment in 10-year, 3% government guaranteed bonds for the full amount due; (3) or, payment in marks to be held in Germany for more favorable transfer terms as recovery advances.

Creditors, after a long battle, accepted the plan. Nothing is yet definite, however, for Holland and Switzerland—both important creditors—are said to be unhappy over the plan and likely to ask their governments to establish clearings of German balances. If this plan is carried out, it will upset Germany's aggregate trade balance and leave certain other creditors—particularly those in the United States—in a most unfavorable position.

Gold or Goods

Nothing is more significant in the whole situation, probably, than that debtors have gone into default because they cannot make payments in gold without unsettling their currencies, and that trade barriers make it impossible to make payment in goods. Unless the United States expects to run into the sort of crisis which Europe encountered in 1914 during which it can absorb vast quantities of goods, it will be necessary to write down the debts or provide for payment in kind.

Final result will probably be a compromise between these two. The public in this country even now seems more sympathetic to debt reduction than Congress, and power to negotiate reciprocal trade arrangements is likely to be granted to President Roosevelt soon.

Money and the Markets

Banks seek bridge between short-term supply and long-term demand. Washington talks of silver bill amendments. Federal domination of state and city financing agitates investment bankers. Commodity markets watch the drought news.

Money and Banking

THE money market, reported usually inactive during May by the New York Federal Reserve Bank, has continued dull throughout the current week. The Bank finds that the difficulty of bridging the gap between the huge supply of funds seeking short-term investments and the demand for long-term credit is the main obstacle in the way of credit expansion. Thus, mortgage money remains scarce in most localities and the flow of funds into business capital has been far below the average volume of past years.

Massachusetts Plan

An interesting attempt to narrow this gap is now being made by a group of Massachusetts banks. Two months ago Cooperative League banks, covering 180 cities and towns in that state, announced they were willing to lend some $20 millions to home owners. Of this amount over $1.5 million was loaned in May. Experimental invitations, sent to Sharon, Mass., home owners with good credit, to borrow for needed improvements brought a surprising response. The demand for repairs and alterations proved greater than the local building trades could handle. The town welfare list was cut and business confidence improved. All banks are not so placed that they can handle this type of loan and the results in other towns might not be so satisfactory. But the success of this experiment would seem to warrant its repetition.

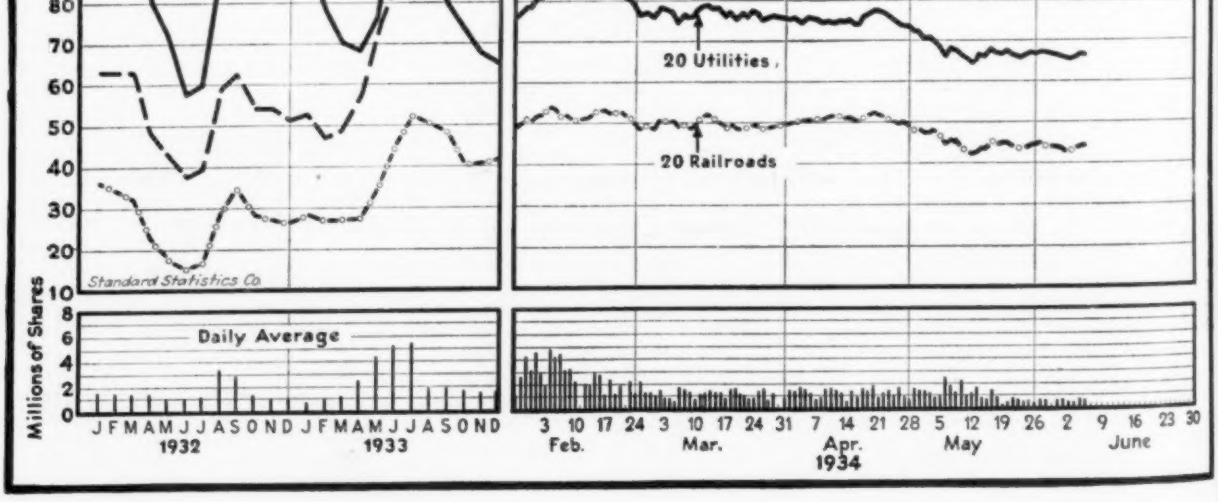
The Administration's silver bill, easily passed by the House, may find a harder path through the Senate. Inflationists are planning amendments to the bill that will bring it closer to their liking and some, if not all, of these amendments have an excellent chance of being approved by the Senate. This group would eliminate the section that places a tax on profits from trading in the metal, and would also remove the section that provides for the nationalization of all domestically held silver. Then a provision would be added requiring the issuance of silver certificates to pay for all silver purchased and another that would state it as a policy of the United States to consider silver an integral part of the monetary base, a portion of the metallic reserve against which currency may be issued.

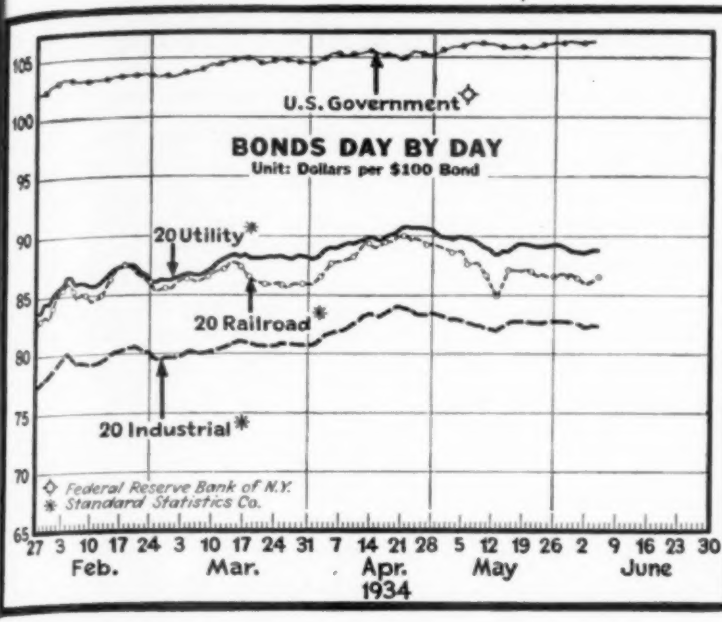
Those in close touch with the situation believe that the first two of these amendments will be passed with little difficulty. This would serve substantially to increase the profits of those who speculated in silver or who bought the metal as a hedge against inflation. The latter two amendments would be directly inflationary and are to be sought by Senator Thomas for that purpose. Whether or not they will be passed depends largely upon the amount of co-operation given by Senator Pittman and other members of the silver bloc.

Stocks

THE stock market remained quiet this week despite a small pickup in trading as compared with the preceding week. Prices, too, worked a little higher but are still well below the quotations recorded earlier in the year. The immediate influence of the signing of the exchange control measure was, therefore, mildly bullish—and that is the general attitude on the Street. But most traders are shy about making commitments. They would rather wait until the members of the Securities and Exchange Commission have finally been selected.

Opinions regarding the future effects of regulation are mixed. They range all the way from the feeling among the most pessimistic of the financial fraternity that the brokerage business will never be restored to "normal," to the optimism reflected in the statements emanating from Washington officials





Federal Trade Commissioner Landis, probable head of the new commission, has expressed a hopeful attitude. Describing the objective as an orderly, efficient and honest market, operating on an investment rather than a speculative basis, he said that these results will not come overnight but only at the end of years of sustained and equitable administration. All in all, it seemed to him, the prospect of selling securities under appropriate regulation, with the least possible interference to honest business, is a bright one.

There is now a fairly general agreement that it was wise for the control of margins to go to the Federal Reserve Board. This will become one of the most important means of regulating the amount of credit outstanding.

Bonds

Activity returned to the bond market this week and prices were generally firmer. Higher-grade rails and public utilities were particularly strong but some of the foreign governments suffered from the abandonment of debt payments. The upward course of U. S. government issues was uninterrupted by the large new offering by the Treasury, which was heavily over-subscribed.

Taking advantage of the present strong market the Treasury decided to establish a 3% coupon rate for long-term government bonds in its latest piece of financing. The offering consists of $300 millions 3% bonds maturing in 14 and callable in 12 years. Additional bonds may be issued in exchange for the $175 millions of certificates maturing June 15 and the $345 millions of notes maturing Aug. 1. Also included in the offering were $500 millions 2⅛% 5-year Treasury notes. Thus if all the note and certificate holders agree to exchange the total operation would equal $1,320 millions. The size of the offering, coupled with the large amount of cash in the general fund, has led to the belief that the Treasury is preparing to reduce the outstanding floating debt well below the present $1.4 billion total.

State and City Issues Well Received

States and municipalities are also taking advantage of the good market to bring out issues at exceptionally low rates. This week the Commonwealth of Massachusetts sold $3 millions 2% bonds at 100.323. This is a record low yield for state issues although it has been closely approached by several other recent state offerings. Cities, too, have been obtaining funds at very low rates. Despite the number of the offerings and the smaller coupons, substantial premiums are the rule. The city of Lexington, Ky., for example, sold this week $1,312,000 4% public works bonds, originally intended for PWA, to a banking syndicate at 106.80. As PWA would have paid only par for the bonds, this sale illustrates the growing importance of the more normal methods of financing.

This change in trend is coming at a time when investment bankers were becoming concerned over the widening federal domination of states and municipalities. This point was discussed at the recent Investment Bankers Association convention, where it was shown that local subdivisions were being practically requested to borrow large sums from governmental agencies despite the demands of taxpayers for a reduction in taxes. The government's participation in municipal affairs is largely through PWA and RFC, but it also dominates the municipal security market through various legislative measures and a control of the money market.

Some 2,000 different projects are being financed in whole or in part by PWA loans. Referred to as self-liquidating, many are to be supported entirely by general taxation. Of the $470 millions of PWA funds allocated to local governments, IBA reports nearly $65 millions advanced to May 5. Of this amount, 17 cities and towns have received loans and grants of over $8.5 millions for light and power projects. In some cases these plants will compete with private enterprises.

Help for Tax-Burdened Municipalities

RFC has promised some $200 millions to municipalities for self-liquidating public works, of which less than half has been advanced. There is also talk of establishing a $300-million fund for the purchase of tax anticipation notes and for discounting of other municipal paper, ideas that are being sponsored by the cities themselves. With the need for short-time credit becoming less acute as banking and credit conditions are being restored to normal, sound fiscal operations are being demanded by bankers as a condition precedent to such federal aid. The RFC has a large additional stake in the municipal market through the many bonds it has taken over in the liquidation of closed banks. This stake, it is hoped, will keep it from unsettling the municipal finance.

Removal by the government of substantial areas of land from local tax rolls—such as TVA, Columbia River development, sub-marginal land control and other projects where taxable property is acquired by the federal government and thereby becomes tax-free—also has an important bearing on municipal obligations. No provision has been made in these cases to reimburse the local district for this loss in revenue or even to have these areas support their portion of the local public debt.

Commodity Markets

DROUGHT in the agrarian regions and threats of strikes in industrial centers dominated commodity markets. While the country awaited official crop reports for May, the movement of prices was swayed by unofficial reports coming from scattered sections with only limited facilities for reporting. July wheat rose at one time well over $1.02, receded, advanced, and again declined, closing on June 6 at 99¢. Corn similarly went to a high of almost 61¢, then dropped to 55⅞¢. Some release of government sealed corn is being made where feed stringency has resulted from drought. In spite of the sharp rise in the grains, cattle and hog prices went lower during the week. Buying of cattle by the government, partly for drought relief and partly to assist the stabilization program, has failed to influence livestock prices. Buying prices announced by the AAA are: cattle over 2 years old, $6-$14 a head; 1 to 3 years, $5-$10; under 1 year, $1-$5. Farmers who sell their cattle to the government will sign contracts to participate in future cattle adjustment programs.

More Exchange Control

The House has passed the Jones Commodity Exchange Control Bill designed to extend the same governmental control over commodity markets as was provided for stock exchanges by the Fletcher-Rayburn Bill. Restriction of trading in futures and licensing of commission merchants are two important features of the bill.

Metal markets were quiet. Good demand continues for copper, especially from foreign quarters. Lists compiled here indicate sales of 6,000 tons to foreign buyers, though the actual amount sold may easily have been twice that. Local buying is still small, gummed up by code interpretations. Lead is steady. Zinc, at 4.25¢, is 5 points lower than last week, largely because of excess production of zinc concentrates in the tri-state district. The buffer pool for tin has been announced to steady the price. Silver prices were steady at 45¢, with no important offerings. The "mysterious" buyer was absent.

Foods were higher. Fresh meats rose in anticipation of better prices for livestock when the feed shortage becomes more acute. Milk in the New York shed was advanced 1¢, though no intimation was given as to how much of the advance was to go to the farmer.

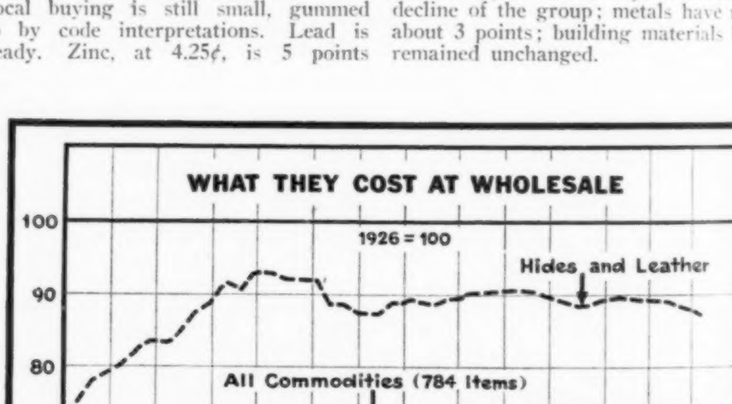
Cotton Gains

Cotton prices for July delivery again have reached 12¢, a gain of 60 points for the week. The time for tagging old cotton has been extended to July 1 in order to label such cotton as is not subject to the tax imposed on the 1934 crops by the Bankhead Bill.

The price war now raging in the rayon industry has affected silk, with July delivery down to $1.21, 4¢ lower than the preceding week.

Rubber has regained some of the losses to which it was subjected when first disappointment on export restriction quotas sent the price tumbling. July rubber is again over 13¢.

The wholesale price index of the Bureau of Labor, at 73.9, now stands at the highest point of the year. It has been unusually steady. In the week of Feb. 3 the index crossed the 73 line and for the last 4 months has fluctuated between 73.3 and 73.9. The groups within the index have had varying careers. Farm products have varied scarcely more than a point; foods have risen about 2 points; hides and leather have dropped about 3 points; textiles have dropped almost 4 points, sharpest decline of the group; metals have risen about 3 points; building materials have remained unchanged.



Editorially Speaking—

OPEN-SHOP advocates in industry had their morale bolstered recently when the Automobile Labor Board, in formulating rules to govern layoffs in the motor car industry, declared that "employees whose work in the judgment of the management is essential to the operation of the plant and production, or who have received special training or have exceptional ability, may be hired, retained, or returned to work," notwithstanding all other rules and regulations governing layoffs and reemployment. This is regarded as recognition of the so-called merit clause which General Johnson ("in a weak moment," he said) permitted in the NRA automobile code and which is still there.

PROF. ROBERT E. ROGERS, who likes to advise young men on how they can marry themselves into a soft life, told the graduating class of Massachusetts Institute of Technology to go after the girls with a college degree and a government job. "Wait," he said, "until she (the prospective wife) gets a job in Washington, which is at present being run by lady specialists who are graduates of well-known girl colleges." Then the wife can get her man a government job, where he will have peace and quiet for the rest of his life, "since the government rarely discharges an employee." Professor Rogers first achieved fame offering marriage advice several years ago when he told young men to marry the boss' daughter and "be a snob."

RUSSIA'S latest bid for the tourist trade is a new $18-million hotel, which will brighten Leningrad's landscape. Being built on the banks of the Neva, where it can gaze triumphantly across stream at the once haughty Summer Palace of the tsars, the structure is modern in design and equipment. When completed it will have 1,100 rooms with bath or shower, personnel of 1,000, a restaurant of 2,000 capacity, plus a roof garden, high-vaulted lobbies, banquet halls, and a Roman swimming pool. The hotel is now three-fourths finished, "will be used mainly for foreign visitors," says the state travel company, Intourist, Inc., which is building it to supplement its 2 other Leningrad hotels, the *Astoria* and *Europa*.

IN the drive to rid railroads of costly practices to which they have been driven by competition, the ICC's Bureau of Service has recommended changes in the law so as to prohibit allowances to industrial plants in lieu of terminal service beyond interchange tracks. Free service beyond the interchange point is unlawful. Evidence collected in an investigation covering numerous plants is held reasonable ground for believing that the Elkins Act (which forbids rebating) has been violated.

CHILDREN'S DAY is to be a weekly affair at A Century of Progress. Fair officials have so decided since the first Children's Day, held May 31, brought a record attendance estimated at over a half million to the show on that one day. The youngsters were charged 5¢ each admission. By early afternoon a quarter of a million visitors had passed through the gates, with long lines still waiting. The automatic registers refused to work any more, so the management, faced with an anxious horde whooping it up noisily, threw open the gates and let them in free. It's a safe bet the registers won't be caught unprepared in such a jam again.

THE Metropolitan Housing Council of Chicago, composed of all organizations interested in better home conditions, is distributing as a souvenir pieces of wood from the first house removed in the city's crusade against bad housing. Result: Some extra work for printers, cloth bag manufacturers, mailers, and others.

A YEAR ago Wisconsin's Oneida County, weighted by burdensome governmental costs, sought relief by adopting the familiar urban custom of zoning land as to its use. One result: A single school district saved nearly $300 on transporting pupils. News like that gets around. Twenty other counties of the state hastily borrowed the idea, all voluntarily. Usually 2 or 3 zones are used: One covering lands which may be used only for forestry (which hits sub-marginal farm lands), another for recreation of resorts, and one unrestricted. The system is held especially valuable in curbing such costly public services as schools, roads, and fire protection to isolated citizens.

THE gold mining industry, roughly split into actual producers and the hopefuls (developers), may get a code. Two prospective ones have been submitted to NRA, one covering only producers, the other including developers. Having but one customer, the U. S. government, it is suggested the industry needs such things as "fair trade practice provisions" about as much as it does price fixing. Unimportant from the employment angle, having only 5,000 men working on actual production, the gold mining industry pays the highest wages in the mining field. Its hours, however, may be too long for the Recovery Administration's standards.

BUSINESS WEEK

The Journal of Business News and Interpretation

JUNE 9, 1934

A Truce to Politics!

Congress is about to adjourn, closing a session which has kept business men on tenterhooks of anxiety. The President is about to depart on a comparatively long vacation. The emphasis of newspaper attention will shift from Washington. Important impediments to recovery have been removed, notably in some amelioration of the stringency of the Securities Act, and modification of the stock exchange regulation act.

There remains one principal obstacle, which will become greater as summer approaches autumn, and that is politics. The Congressional election is being advertised as a referendum on the New Deal. So the intensity of the usual partisan struggle will be accentuated by the activities of those who distrust and hate the new order of things with a bitterness that transcends customary party loyalties.

There will be a flood of propaganda. Nobody objects to frontal assaults on the Administration, or direct rejoinder. That is straightforward political warfare. What is not so good is the attack under cover. There will be a concerted, but subtle, effort to show, from apparently unbiased sources, that conditions are bad and getting worse. In ordinary times, that sort of thing does no great harm. With business sentiment what it is just now, and the summer recession ahead, attacks on confidence this year may work serious mischief. There is only one effective antidote: Let us, until November, scrutinize speeches, interviews, and even statistics with a healthy skepticism as to source and motive.

Politics is a luxury that we business men cannot afford this year. Our interest in business recovery is greater than our stake in a bye-election.

Let us speak hereafter as business men, not as partisans.

There are many reasons for not being inveigled into party conflict. There are even stronger reasons why business should speak with solidarity. Like it or not, nothing is going to be gained by irreconcilable opposition to everything this Administration has done. But a great deal may be accomplished by united representations against those acts, policies, and tendencies which business men generally agree are the most damaging to individual initiative, private investment, and business profits.

Let us be specific. The group of irreconcilables who are still bitterly insisting that all the steps of monetary policy so far taken shall be retraced, back to the old dollar and the old gold standard, are simply wasting their energies in futile denunciations. They might better join forces with the realists who, whatever their opinion of what has been done, accept it as accomplished fact, and work now to block the wild inflationists.

Similarly, the irreconcilables who would destroy NRA, root and branch, are wasting their breath. There are serious defects in NRA and in the codes. But NRA has solid values as well—values which some of the most important industries in the country are not going to surrender. How much better then, to join forces with those practical business men who accept NRA as something here to stay, and work toward its reform.

Just now, one might wish for a Business Party, standing somewhere between the extremists who would reform everything, and the standpatters who would like to return to the "good" old days. Better yet, a business organization, non-partisan, which should express with vigor the business man's solid opinions.

Published weekly by the McGraw-Hill Publishing Company, Inc. 330 West 42nd St., New York City. Tel. MEdallion 3-0700. Price 20¢. Subscription: $5.00 a year, U. S. A. and possessions. Foreign 30 shillings. Cable code, Mcgrawhill

Glenn Griswold, *Vice-President*

Editor, Marc A. Rose
News Editor, Perry Githens — *Managing Editor*, Ralph B. Smith
Marketing, O. Fred. Rost — *Economist*, Bernhard Ostrolenk
Transportation, Irvin Foos — *Finance*, John A. Moffit
Foreign, J. F. Chapman — *Statistics*, R. I. Carlson
NRA, Wallace Thompson — *Typography*, F. A. Huxley
Washington, Paul Wooton, Carter Field

s me-

ing i
re eve
d spe
hing
ple
stratio
be ac
agains
which
ne mos
private

irrecon
ng tha
ir taken
llar and
wasting
. They
sts who
as been
ct, and
sts.
would
wasting
fects in
as solid
of the
ntry are
n better
cal busi
ing here

Business
een the
ing, and
return
, a busi
h should
n's solid

ompany, Inc
ion 3-0700
possession
Mcgrawhil

BUSINESS WEEK
The Journal of Business News and Interpretation
JUNE 9, 1934

A Truce to Politics!

Congress is about to adjourn, closing a session which has kept business men on tenterhooks of anxiety. The President is about to depart on a comparatively long va
phasis of newspaper attentio
Washington. Important im
covery have been removed,
amelioration of the stringen
ities Act, and modification
change regulation act.

There remains one pri
which will become greater
proaches autumn, and that
Congressional election is b
as a referendum on the Ne
intensity of the usual partis
be accentuated by the activit
distrust and hate the new
with a bitterness that trans
party loyalties.

There will be a flood
Nobody objects to frontal
Administration, or direct rej
straightforward political wa
not so good is the attack und
will be a concerted, but s
show, from apparently unbiased sources, that conditions are bad and getting worse. In ordinary times, that sort of thing does no great harm. With business sentiment what it is just now, and the summer recession ahead, attacks on confidence this year may work serious mischief. There is only one effective antidote: Let us, until November, scrutinize speeches, interviews, and even statistics with a healthy skepticism as to source and motive.

Politics is a luxury that we business men cannot afford this year. Our interest in business recovery is greater than our stake in a bye-election.

Let us speak hereafter as business men, not as partisans.

There are many reasons for not being inveigled into party conflict. There are even stronger reasons why business should speak with solidarity. Like it or not, nothing is going to be gained by irreconcilable opposition to everything this Administration has done. But a great deal may be accomplished by united representations against those acts, policies, and tendencies which business men generally agree are the most damaging to individual initiative, private investment and business ...

TYPE

CUT-O

... who would reform everything, and the standpatters who would like to return to the "good" old days. Better yet, a business organization, non-partisan, which should express with vigor the business man's solid opinions.

Published weekly by the McGraw-Hill Publishing Company, Inc. 330 West 42nd St., New York City. Tel. MEdallion 3-070
Price 20¢. Subscription: $5.00 a year, U. S. A. and possessions
Foreign 30 shillings Cable code, Mcgrawhil

Glenn Griswold, *Vice-President*

Editor, Marc A. Rose
News Editor, Perry Githens *Managing Editor,* Ralph B. Smi
Marketing, O. Fred. Rost *Economist,* Bernhard Ostrolen
Transportation, Irvin Foos *Finance,* John A. Moffi
Foreign, J. F. Chapman *Statistics,* R. I. Carlso
NRA, Wallace Thompson *Typography,* F. A. Huxle
Washington, Paul Wooton, Carter Field

JU
1

ss me
eing i
re eve
d spe
hing
ble
stratio
be ac
agains
which
he mos
private

BU
IN

PE

-OFF

ng, an
retur
a busi
should
's soli

mpany, In
on 3-070
possession
Mcgrawhi

h B. Smit
d Ostrolen
A. Moffi
I. Carlso
A. Huxle

SS WEE